

Audit and Risk Committee

Agenda 25 July 2023

10.00am

Yare House, 62-64 Thorpe Road, Norwich NR1 1RY

John Packman, Chief Executive – Tuesday, 18 July 2023

Under the Openness of Local Government Bodies Regulations (2014), filming, photographing and making an audio recording of public meetings is permitted. These activities however, must not disrupt the meeting. Further details can be found on the [Filming, photography and recording of public meetings](#) page.

Introduction

1. To receive apologies for absence
2. To receive declaration of interest
3. To note whether any items have been proposed as matters of urgent business
4. Public question time – to note whether any questions have been raised by members of the public
5. **To receive and confirm the minutes of the Audit and Risk Committee meeting held on 14 March 2023** (Pages 3-14)

Financial direction

6. **Statement of Accounts 2022/23** (Pages 15-105)
Report by Senior Accountant
7. **Investment Strategy and Performance annual report 2022/23** (Pages 106-108)
Report by Director of Finance
8. **Financial Management Code** (Pages 109-133)
Report by Director of Finance
9. **Finance Strategy and Policy updates** (Pages 134-167)
Report by Director of Finance

Audit & Governance

10. **Internal Audit Annual Report and Opinion 2022/23** (Pages 168-184)
Report by Head of Internal Audit

11. **Annual Governance Statement 2022/23 and Code of Corporate Governance 2023**
(Pages 185-219)
Report by Senior Governance Officer
12. **Terms of reference for Audit & Risk Committee - revised** (Pages 220-234)
Report by Senior Governance Officer and Deputy Monitoring Officer
13. **Implementation of internal audit recommendations - summary of progress**
(Pages 235-246)
Report by Senior Accountant
14. **Corporate Risk Register** (Pages 247-254)
Report by Senior Governance Officer

Other Matters

15. Other items of business
Items of business which the chairman decides should be considered as a matter of urgency pursuant to Section 100B (4)(b) of the Local Government Act 1972
16. To answer any formal questions of which due notice has been given
17. **To note the date of the next meeting – Tuesday 21 November 2023 at 10.00am at Yare House, 62/64 Thorpe Road, Norwich**
18. Exclusion of the public
The Authority is asked to consider exclusion of the public from the meeting under Section 100A of the Local Government Act 1972 for the consideration of the item below on the grounds that it involves the likely disclosure of exempt information as defined by Paragraph 3 of Part 1 of Schedule 12A to the Act as amended (information relating to the financial or business affairs of any particular person (including the authority holding that information)), and that the public interest in maintaining the exemption outweighs the public benefit in disclosing the information.
19. **Medium-Term Financial Planning Reserve** (Pages 255-260)
Report by Management Team

Audit and Risk Committee

Minutes of the meeting held on 14 March 2023

Contents

1.	Apologies and welcome	2
	Openness of Local Government Bodies Regulations 2014	2
2.	Introductions and declarations of interest	2
3.	Items of urgent business	2
4.	Public question time	2
5.	Minutes of last meeting	2
6.	Investment Strategy and Performance Report 2022/23 and Draft Capital, Treasury and Investment Strategy 2023/24	2
7.	Consolidated Income and Expenditure: 1 April to 31 January 2023 Actual and 2022/23 Forecast Outturn	3
8.	Additional National Park Funding	4
9.	Finance Strategy and Policy updates	7
	Counter Fraud, Bribery and Corruption Strategy	7
	Advertising and Sponsorship Policy.	8
10.	Internal Audit Strategic and Annual Plans 2023/24	8
11.	External Audit	9
12.	Implementation of Internal Audit Recommendations: Summary of progress	9
13.	Recommendations from external review into formal complaint	9
14.	Corporate Risk Register - review	11
15.	Other items of business	11
16.	Formal questions	11
17.	Date of next meeting	11

Present

Tristram Hilborn – in the Chair, Bill Dickson, Gail Harris, Paul Hayden, Matthew Shardlow, Nicky Talbot and Fran Whymark.

In attendance

Jason Brewster – Governance Officer, Faye Haywood – Head of Internal Audit, Mark Hodgson –Ernst & Young External Auditor, Emma Krelle – Director of Finance, Ellie Richards – Senior Accountant, John Packman – Chief Executive and Sara Utting – Senior Governance Officer.

1. Apologies and welcome

The Chair welcomed everyone to the meeting.

Apologies were received from Matthew Bradbury and Michael Scott.

The Chair thanked Matthew Bradbury for his excellent work as Chair and Vice-Chair of this committee.

Openness of Local Government Bodies Regulations 2014

The Chair explained that the meeting was being audio-recorded. All recordings remained the copyright of the Broads Authority and anyone wishing to receive a copy should contact the Governance Team. The minutes remained the formal record of the meeting. He added that the law permitted any person to film, record, photograph or use social media in order to report on the proceedings of public meetings of the Authority. This did not extend to live verbal commentary. The Chair needed to be informed if anyone intended to photograph, record or film so that any person under the age of 18 or members of the public not wishing to be filmed or photographed could be accommodated.

2. Introductions and declarations of interest

No additional declarations of interest were declared.

3. Items of urgent business

There were no items of urgent business.

4. Public question time

No public questions had been received.

5. Minutes of last meeting

The minutes of the meeting held on 29 November 2022 were approved as a correct record and signed by the Chair.

6. Investment Strategy and Performance Report 2022/23 and Draft Capital, Treasury and Investment Strategy 2023/24

The Director of Finance (DoF) introduced the report which detailed the Broads Authority's investment of surplus cash, including the investment principles adopted and performance during the eleven months to 28 February 2023 and the draft Capital, Treasury and Investment Strategy 2023/24.

The DoF highlighted the high cash balance, stated within table 1 of the Investment Strategy and Performance report, due to receipt of capital money from Defra in February. This money would remain in the instant access account as the intention was to utilise it before the end of March 2023.

As per the audit recommendation to diversify some of the Authority's investments, the DoF indicated that money had been deposited with the Debt Management Office to take advantage of their preferable interest rates for short (up to 6 month) periods.

The DoF explained that minor changes had been made to the Capital, Treasury and Investment Strategy document (Appendix 1 of the report) including changes to job titles and references to the Senior Accountant role (as per appointment in 2023).

The DoF highlighted that the revised Prudential Code required reporting against the prudential indicators to be performed at least quarterly and this would be included in the Finance, Performance and Direction report to the Authority from 2023/24.

The DoF confirmed that the use of an external advisor to assess whether the Authority should prepay a number of years' pensions contributions had proved valuable. The DoF requested member's advice on engaging a Treasury Management provider to help formulate the next investment strategy. If members were amenable, the intention was to investigate options over the summer and report findings in the autumn. The DoF was mindful that the Authority's current risk profile was low, with priority given to security of capital and liquidity, and this may have to be re-assessed as part of this exercise.

Members asked if investment advice could be sought that covered a range of risk profiles, there could be other low risk investment options that the Authority were not aware of. A member asked whether there were any opportunities to work with other National Parks or Local Authorities to commission this service, providing a larger pooled investment pot and reduced fees. The member clarified that they were not proposing a repeat of the client relationship that the Authority had previously with Broadland District Council's investment provider. Members were in agreement with the proposed investigation which they deemed a prerequisite to any future decision on this matter.

Nicky Talbot proposed, seconded by Fran Whymark and

It was resolved unanimously to recommend the Draft Capital, Treasury and Investment Strategy to the Broads Authority for approval.

7. Consolidated Income and Expenditure: 1 April to 31 January 2023 Actual and 2022/23 Forecast Outturn

The Senior Accountant (SA) presented the report which detailed actual income and expenditure for the ten month period to 31 January 2023, and a forecast of the projected expenditure at the end of the financial year (31 March 2023).

The SA reported that as of 31 January the overall position was a favourable variance of £37,306 from the profiled budget. Since the report the financial position as of 28 February had been prepared and there was a favourable variance of £905,800 from the profiled budget. The reason for the increase was due to the receipt of £1.2 million capital money from Defra and the SA explained that expenditure would increase considerably to ensure this settlement money was spent before the end of March 2023. The SA confirmed that, with the exception of the Defra capital money, the underlying position from January to February remained unchanged.

The report was noted.

8. Additional National Park Funding

The Chief Executive (CE) introduced the report which provided information on the new National Park (NP) funding announced by Defra on 1 March 2023. The CE gave a presentation that contained:

- The initial email communication, issued to all Authority staff and members, announcing this new Defra funding.
- The Change Control Notice (CCN) that had been issued by Defra (since the report was written).
- A summary of the increasing costs faced by the Authority when delivering National Park objectives.
- Draft criteria for assessing how the Authority could utilise this new funding for consideration by members.

The CE explained that this Defra funding was unexpected and totalled £4.4 million distributed equally between 10 NPs, including the Broads Authority.

The CCN was issued when Defra released the £440,000 of new funding to the Authority and stipulated Defra's conditions for how this money could be utilised. The CE highlighted the key conditions:

- It should be used as a contribution to support the increasing costs of fulfilling the statutory purposes of the grant recipient.
- To be associated with costs arising in 2022/23.
- For the avoidance of doubt this additional grant amount is intended to support the costs associated with the undertaking of NP purposes and may not be used to support costs incurred in relation to the navigation functions.

The first key condition, the CE summarised, was an acknowledgement by Defra of the inflationary pressures that all NPs were experiencing. The CE explained that Defra had also provided a covering email that detailed this extra funding and confirmed the flat cash settlement for NP funding 2023/24. The CE highlighted that the associated press

announcements of this new NP funding made no reference to the fact that NP funding had not changed in the last 5 years which equated to a cut in funding in real terms over this period.

Regarding the second key condition, the late announcement by Defra meant that the Authority did not expect to receive this money until the beginning of April.

The CE acknowledged that the final key condition, albeit not ideal given the rising costs associated with navigation, was to be welcomed for the clarity that it brought.

The CE then highlighted some of the increasing costs faced by the Authority. The main cost was staffing that accounted for 65-70% of the Authority's total costs. Staffing costs had increased by 4.2% more than the 2% budgeted for in 2022/23 and the expectation was for a similar pay settlement for 2023/24.

Raw materials, although the majority were purchased for navigation purposes, were still relevant to the NP function and had increased during 2022/23. Similarly, fuel and utilities had increased with the latter increasing above inflation. Other costs were increasing, such as the cost of the planning system, which the Authority was heavily reliant upon, had increased by 10% during this period.

The CE surmised that these items were indicative of the rising cost based faced by the Authority and needed to be borne in mind when considering this additional funding.

Given the unexpected nature of this additional funding and the short notice, the Management Team had not had an opportunity to fully consider its implications. The CE asked members to help determine how best to use this money, especially given that the Authority was unlikely to receive this type of offer in future. To help members consider uses for this money the CE provided 3 suggested criteria.

1. Look at future rising costs – e.g. potential pay settlement.
Increase earmarked reserves to protect budget in future years.
2. Spend/invest to save and develop ability to raise additional income.
Increase capacity to bid for additional funding.
3. Support delivery of strategic objectives
Earmarked reserves for biodiversity recovery and responding to the challenges of climate change.

Members welcomed this additional Defra funding and were keen for the Authority to make full use of this funding. Members believed the suggested criteria were all valid and provided a good basis for framing a discussion on utilising this new money.

A member noted the ongoing funding constraints and inflationary pressures faced by the Authority and believed it needed to adapt to these circumstances to avoid significant impacts to its delivery capability. With this in the mind they suggested using this additional funding to invest in training and systems to make the Authority more efficient.

Several members were enthusiastic about using these funds to extend the Authority's capability to secure external income, with a member noting the potential to gain an income up to 7 times that required to fund the initial bid. A member wanted to know about working in partnership with other relevant bodies to secure external funding. The CE responded that, as a member of the National Parks Partnership, this provided a huge amount of money across all NPs. The Landscape Recovery project was an example of working with various partners across the Broads to secure new funding. The CE also highlighted ongoing work to secure funding from Natural England (Peat recovery), Department of Transport (Electrifying the Broads) and a possible replacement for Water, Mills and Marshes (WMM) funding Mental Health Challenges.

A member asked how the Authority could expand its capacity to secure external income. The CE replied that a quick win was to convert existing short-term contract resource onto a more permanent basis. The CE explained that previous attempts to sub-contract bid writing to external resource had failed due to the specialist knowledge required to access the relevant grants. The Authority's approach for CANAPE and WMM had provided a successful blueprint for new initiatives. The Director of Finance (DoF) added that another lesson learnt was where bid writers had the potential to transfer to a new project then their existing role would be back-filled.

A member requested more detail about the earmarked reserves. The DoF responded that at the end of financial year 2022/23 a new Medium-Term Financial Planning reserve would be created. This discrete reserve would act as a placeholder until plans on how to utilise this money had been finalised. The DoF noted that spending this money solely on NP objectives posed some challenges; for example, spending on new finance software would benefit the Authority as a whole, including navigation.

A member was keen to spend the majority of the money on strategic objectives such as Farming in Protected Landscapes and working with land managers on the Biodiversity Net Gain strategy. They did not rule out bidding for external funding and proposed focusing on National Lottery funding (in light of Treasury sourced funds being ineligible for match funding). They also wondered whether any of the Authority's planned cost cutting measures would be revisited in light of this additional funding.

Members were less keen with the idea of ring-fencing the funds for use in future years. Members felt this approach could be perceived to imply that the Authority's financial challenges were not significant or urgent and might prejudice future funding offers from Defra.

The CE thanked members for their contributions and summarised their contributions ahead of full Authority 17 March 2023:

- Investigate changes to improve the Authority's efficiency and reduce its costs e.g. investments in software.
- Use new money to improve existing work associated with securing external funding and facilitate more of it.

- Spend money wisely and in a timely fashion (without putting undue pressure on staff).

The DoF confirmed that new funding of £3,000 under the Access For All programme had been received for 2022/23.

The CE introduced another very late announcement from Defra for new funding relating to the Biodiversity Net Gain (BNG) strategy. This strategy, as from November 2023, requires Local Planning Authorities (LPAs) to approve a biodiversity net gain plan for development work before it can start. To reflect this new requirement, and the resulting extra work Defra had provided £26,807 to the Authority for 2022/23. Unlike other LPAs, who could transfer this 2022/23 money into 2023/24, Defra had indicated that the Authority needed to account for this money in the current financial year.

The CE explained that given that LPAs were only informed of the new BNG requirements in recent weeks, it would be impractical to justify spending on BNG in 2022/23. The CE, on behalf of the DoF, asked for member's views on two proposed methods for securing this funding:

1. Liaise with Defra to secure the ability, as offered to other LPAs, to transfer BNG funds allocated in the current financial year for use on BNG spending in 2023/24.
2. Account for the BNG funds in 2022/23 and demonstrate an ongoing commitment for 2023/24 thereby enabling the funds to be transferred to an ear-marked reserve for use in 2023/24.

Members were supportive of any action undertaken by the DoF to correctly account for the allocated BNG funds and prevent this funding being lost to the Authority.

The Chair thanked the CE and DoF for their report and presentation especially given the short notice.

The report was noted.

9. Finance Strategy and Policy updates

The Director of Finance (DoF) introduced the report which detailed the latest results from the ongoing programme of finance documentation reviews.

Counter Fraud, Bribery and Corruption Strategy

The DoF summarised changes to this strategy (shown in Appendix 1 of the report with latest updates highlighted as tracked changes) as being updates to job titles, risk registers and committee names. The strategy had been reviewed by the Management Team, Internal Audit and the Monitoring Officer and any further amendments had been incorporated into the document shown in Appendix 1 of the report). The DoF confirmed that this updated strategy would require approval from the Audit and Risk Committee.

A member indicated that the new section 3 entitled "Who does this Strategy apply to" failed to include members. The DoF agreed to update this section to include a reference to members.

Matthew Shardlow proposed, seconded by Gail Harris and

It was resolved unanimously to approve the updated Counter Fraud, Corruption and Bribery Strategy.

Advertising and Sponsorship Policy.

The DoF summarised changes to this policy (shown in Appendix 2 of the report with latest updates highlighted as tracked changes) as being the adoption of a new accessibility compatible template, updates to success to date (section 8) and amendments to terminology (section 9) following the UK leaving Europe. The strategy had been reviewed by the Management Team, the Head of Communications and the UK Director of Communications and any resulting changes had been incorporated into the version shown in Appendix 2 of the report.

A member thanked the DoF for her efforts on these reviews.

The report was noted.

10. Internal Audit Strategic and Annual Plans 2023/24

The Head of Internal Audit (HoIA) presented the report which covered the Internal Audit Charter, Internal Audit Strategy and the Annual Internal Audit Plan 2023/24. The HoIA explained that the first two documents were formal documents that were required to be reviewed each year to fulfil the Public Sector Internal Audit Standards (Appendices 1 & 2 in the attached report). These reviews had been completed and not much had been changed since last year.

The HoIA discussed the Annual Internal Audit Plan 2023/24 (Appendix 3) that, following discussions with senior management, a review of the strategic risk register and considering the objectives for the year ahead, indicated four audit areas where an opinion would be provided at year end: Corporate Governance and Risk Management, Key Controls and Assurance Framework, Procurement and Port Marine Safety Code (PMSC). The PMSC, due to the associated health and safety risks, was timetabled for review every three years.

Appendix 3 also highlighted two areas (Asset Management and Cyber Security and Disaster Recovery) for future consideration.

The HoIA introduced a new element of Internal Audit, an assurance mapping, which had been recommended by the 2022/23 External Quality Assurance of the Internal Audit function. This exercise had been performed for the top 2 highest scoring strategic risks and the results shown in Appendix 4 of the report.

A member asked about the “limited” assurances for IT Audits performed in 2011/12 and 2013/14. The HoIA confirmed that since that time, the IT team had demonstrated that the identified risks had been mitigated and the recommended controls adopted. Furthermore, no significant new risks had been identified since and, as a result, there had been no need to re-audit these areas. The HoIA indicated that if they were to re-audit the relevant areas the expectation was that they would achieve a “reasonable” assurance.

Fran Whymark proposed, seconded by Nicky Talbot and

It was resolved unanimously to approve the Internal Audit Charter 2023/24, the Internal Audit Strategy for 2023/24 and the Annual Internal Audit Plan for 2023/24.

11. External Audit

The Director of Finance (DoF) introduced the report which contained the Audit Results report for 2021/22. Since the report was issued, the External Auditor had submitted the Annual Audit Letter 2021/22 and this had been circulated to members and had been published on the Authority's website: [Broads Authority Annual Audit Letter for the year ended 31 March 2022 \(broads-authority.gov.uk\)](https://broads-authority.gov.uk)

The report was noted.

12. Implementation of Internal Audit Recommendations: Summary of progress

The Senior Accountant (SA) introduced the report summarising progress in implementing Internal Audit recommendations arising from audits performed during 2020/21, 2021/22 and 2022/23. The SA highlighted the "substantial" audit opinion achieved by Key Controls and Assurance and confirmed that the final audit result had now been received with no changes. The SA indicated that the two Key Controls and Assurance recommendations were expected to be completed before the end of May 2023.

The report was noted.

13. Recommendations from external review into formal complaint

The Monitoring Officer (MO) introduced the report which detailed the response to the VWV Solicitors independent review into a formal complaint raised by Cllr Fuller regarding the handling of two minor planning applications. The MO explained that feedback regarding the recommendations and actions detailed in this report had also been sought from the Task and Finish Group (Paul Hayden, Greg Munford and Michael Scott) and this information had been emailed to members of the Audit and Risk Committee.

The MO explained that there were 3 key conclusions:

1. Review the delegation of planning matters to ensure clarity on what should be determined by officers and what should be referred by them to committee. And, most importantly, to provide a means to resolving disputes/questions about what should be called in.
2. Establish an easy to find single point of reference for the Authority's Governance documentation. And to create a process whereby this documentation was periodically reviewed and any resulting improvements incorporated.

3. Convert the reactive Hearings Committee into a Standards Committee that would have a proactive focus on training and guiding members and officers on the Member Code of Conduct and other governance matters such as the protocol on member and officer relations.

The MO explained that a mature organisation should be able to tolerate and indeed thrive on differences of opinion whilst maintaining focus on its core purpose and objectives. Rightly or wrongly a great deal of energy and effort had been expended on two relatively minor planning decisions at Haddiscoe Cut. The intention was to enable the Authority's members, officers and stakeholders to raise concerns or suggest improvements to the Authority's governance without having to resort to external reviews or investigations.

The intent of the proposed governance changes were:

- To develop processes to resolve planning call in questions.
- To receive governance improvement suggestions and issues, review them and present them to the Audit and Risk Committee at least once a year or more regularly if required.
- To establish a Standards Committee that would actively champion high standards of member conduct, recognising that this would entail working with members. This committee would also be responsible for formally determining any breaches of the Member Code of Conduct.

The MO thanked the Task and Finish Group for their feedback. The MO felt that the points raised by this group had now been addressed except with regard to considering contentious delegation issues across the Authority and not solely within planning. The MO explained that he believed there was a clear conceptual difference between planning call ins and other officer delegations. Planning decisions involved an element of judgement and discretion as dictated by National and Local Planning Policies. So, there should always be provision for less clear or more controversial planning decisions to be referred to committee. In contrast other officer delegations are wholly functional for example, who can buy a piece of equipment or what is the spending threshold (above which requires committee approval).

The member, who raised the point about widening the scope of disputed delegations, clarified this matter by stating that the context was with regard to a situation when the Chief Executive (CE) and Chair of the Authority could not reach an agreement regarding a delegation. In contrast to other National Parks, the Authority's Scheme of Delegation (SoD) granted the CE sole discretion in determining delegations, rather than take a contentious decision to committee. The intention, the member explained, was to spread the decision-making responsibility in this exceptional circumstance.

The MO indicated that he would be happy to consider examples from other National Parks when reviewing the Authority's SoD. The MO added that if an officer was required to make a decision that might potentially be outside the SoD then, under section 5 of the Local

Government and Housing Act 1985, the MO would have to report this matter to the Authority.

The CE indicated that he was happy for the SoD to be reviewed as proposed to identify any gaps and inconsistencies that may need to be addressed. This review would be an ideal opportunity to consider the scenario raised and propose any improvements necessary. The member confirmed that, following their written feedback, this had been their intention.

The MO explained that next steps were detailed in the appendix to the report. The first item would be to draft the terms of reference for the Standards Committee for review by all members of the Authority, before bringing them to this committee.

The MO confirmed that the Audit and Risk Committee would be asked to track progress on this matter and, where required, to approve the outputs.

The Chair thanked the MO for this report and welcomed the opportunity this presented to improve the Authority's governance processes.

Bill Dickson proposed, seconded by Matthew Shardlow and

It was resolved unanimously to delegate responsibility to the Chief Executive and Monitoring Officer to take all steps necessary to implement the recommendations in accordance with the plan at appendix 1, reporting back to this committee on progress as necessary.

14. Corporate Risk Register - review

The Senior Governance Officer (SGO) introduced the report which provided the latest version of the Corporate Risk Register (CRR) with changes marked since the previous meeting. The SGO confirmed that the CRR had been updated to include the risk score matrix which indicated how the red, amber and green ratings were derived. The SGO confirmed that, since the last meeting, no new risks had been added or existing risks deleted and highlighted that the scores for risks 2, 5 & 8 had decreased.

The report was noted.

15. Other items of business

There were no items of urgent business for consideration pursuant to Section 100B (4) (b) of the Local Government Act 1972.

16. Formal questions

There were no formal questions of which notice had been given.

17. Date of next meeting

The next Audit and Risk Committee meeting would be on **Tuesday 25 July 2023** at Yare House, 62-64 Thorpe Road, Norwich, commencing at 10.00am.

The meeting ended at 11:40am.

Signed by

Chair

DRAFT

Audit and Risk Committee

25 July 2023

Agenda item number 6

Statement of Accounts 2022/23

Report by Senior Accountant

Summary

This report provides an update on the Broads Authority's Statement of Accounts and its audit for the year ended 31 March 2023.

Recommendation

To be noted.

1. Introduction

1.1. In the Financial Performance and Direction report to the Authority on 12 May 2023, there were draft figures for 2022/23 that provided for a consolidated deficit of £316,687. At the meeting, a verbal update was provided that some additional year-end adjustments had been made and the deficit had increased to £366,036. These figures were then used in the production of the draft Statement of Accounts, which were signed and published on our website on 31 May 2023.

2. Changes to the 2022/23 Accounts

2.1. There have been no significant changes to this year's accounts.

2.2. As with previous years, Table 1 below has been produced to help members understand the additional adjustments made at year end.

Table 1

Summary Income and Expenditure 2022/23

Income and Expenditure	Operations £000's	Strategic Services £000's	Finance & Support Services £000's	HLF & CANAPE £000's	Corporate Amounts £000's	Total £000's
Fees, charges and other service income	(223)	(1,292)	(35)	(689)	(3,928)	(6,167)

Income and Expenditure	Operations £000's	Strategic Services £000's	Finance & Support Services £000's	HLF & CANAPE £000's	Corporate Amounts £000's	Total £000's
Contribution from reserves	0	0	0	0	(44)	(44)
Government Grants	0	0	0	0	(4,785)	(4,785)
Total Income	(223)	(1,292)	(35)	(689)	(8,757)	(10,996)
Employee expenses	2,558	1,665	972	172	148	5,515
Other service expenses	2,064	1,294	2,108	381	0	5,847
Total Expenditure	4,622	2,959	3,080	553	148	11,362
Net Expenditure	4,399	1,667	3,045	(136)	(8,609)	366

Table 2

Summary of adjustments

Adjustments	Amounts £000's
Net Expenditure	366
Amounts in the Comprehensive Income and Expenditure Statement (CIES) not reported to management	1,255
Amounts included in Table 1 not in the CIES	3,012
Cost of Services in the CIES	4,633

- 2.3. Items in the amounts included in the CIES not reported to management include year-end adjustments for the Pension scheme. The Accounts are adjusted to reflect the difference between the actual costs assessed by the Actuary and the contributions paid over during the year. Further adjustments are also made for untaken staff leave, depreciation and movements on the revaluation of fixed assets.
- 2.4. The main adjustments in the third line, which is in the analysis above but not the Comprehensive Income and Expenditure Statement, is the removal of the DEFRA grant, interest and investment income and interest payable. These items are added back in

the lines under the cost of services. Further adjustments relate to the accounting treatment of capital expenditure, reserve expenditure and finance leases.

2.5. Table 3 below analyses these adjustments in more detail and agrees back to the Comprehensive Income and Expenditure Statement on page 16 in the Statement of Accounts.

Table 3

Detailed adjustments

Income and Expenditure type	Service Analysis £000's	Not reported to Management £000's	Not included in the CIES £000's	Net Cost of Services £000's	Other operating expenditure, finance & investment income and Government Grant £000's	Deficit on the Provision of Services £000's
Fees, charges and other service income	(6,051)	0	0	(6,051)	0	(6,051)
Interest and investment income	(117)	0	117	0	(117)	(117)
Contribution from reserves	(43)	0	(814)	(857)	0	(857)
Government Grants	(4,785)	0	4,785	0	(4,935)	(4,935)
Total Income	(10,996)	0	4,088	(6,908)	(5,052)	(11,960)
Employee expenses	5,515	929	0	6,444	255	6,699
Other services expenses	5,847	0	(1,076)	4,771	0	4,771
Depreciation, amortisation & revaluation	0	326	0	326	0	326
Interest payments	0	0	0	0	56	56
Gain on disposal of Assets	0	0	0	0	(8)	(8)

Income and Expenditure type	Service Analysis £000's	Not reported to Management £000's	Not included in the CIES £000's	Net Cost of Services £000's	Other operating expenditure, finance & investment income and Government Grant £000's	Deficit on the Provision of Services £000's
Total Operating Expenditure	11,362	1,255	(1,076)	11,541	303	11,844
(Surplus)/Deficit on the Provision of Services	366	1,255	3,012	4,633	(4,749)	(116)

3. Balance Sheet

- 3.1. At the end of 2022/23, the Balance Sheet was reporting a net asset position of £13,346,000. This is an increase from the 2021/22 net asset position of £289,000. As with previous years, the main cause of this is the movement in the Pension Fund liability, which changed from a net liability, with a movement of £11,475,000. The pension fluctuations are due to the changes in financial assumptions as calculated by the actuary. The Fund also seeks to maintain contributions at a consistent rate to minimise the impact on the Authority's cash flows. The Authority makes additional contributions to the Fund to reduce the deficit over the next 20 years. Funding levels are monitored on an annual basis, whilst the contributions and the annual deficit payments are recalculated as part of triennial valuation. Additional information about the Pension Fund Assets and Liabilities can be found within the Statement of Accounts under Note 32.
- 3.2. The bottom section of the Balance Sheet on page 20 splits the reserves between useable and unusable reserves. The useable reserves can be used to fund future operating expenditure, while the unusable reserves are kept to manage accounting processes such as unrealised gains or acquisitions of Fixed Assets and the movements on the Pension Reserve.
- 3.3. The closing position on the National Park (General), Navigation and Earmarked reserves remain at the same levels as verbally reported on 12 May 2023. The individual balances that make up the Earmarked reserve can be found within the Statement of Accounts under note 10, page 41. The year end balances of the reserves are:
- National Park £610,773;
 - Navigation £611,586;

- Earmarked £3,767,349 of which £1,503,292 relates to Navigation.

4. Annual Governance Statement

- 4.1. The Accounts and Audit (England) Regulations 2015 contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved by the relevant body and must accompany the Statement of Accounts. The Annual Governance Statement hasn't been incorporated into the Draft Statement of Accounts as this is awaiting approval from the Audit & Risk Committee and Broads Authority. The Annual Governance Statement is on today's agenda at item 11. After consideration at this meeting, it will be presented to the Broads Authority on 28 July 2023. Once this has been approved by Broads Authority, the Draft Statement of Accounts will be reuploaded to include the Annual Governance Statement.

5. Audit of the Statement of Accounts

- 5.1. The Authority's external auditors, Ernst & Young (EY) have not yet set a date to carry out the audit for 2022/23, but the planning stage will take place after 1 November 2023. This is due to other local authorities having prior year external audits still outstanding.

6. Financial Implications

- 6.1. The Statement of Accounts for 2022/23 shows revenue reserves of £1,222,359 (National Park (general) reserves £610,773, Navigation reserves £611,586) that are considered to be adequate. The National Park reserve at the end of 2022/23 stands at 12.1% of net expenditure, while the Navigation reserve is 15.2%.
- 6.2. The outturn figures for 2022/23, the impact of inflation and the 2023/24 level of tolls received will be assessed for their impact on the overall level of reserves, and will be taken into account in future budgeting proposals and when making decisions about income and expenditure in 2024/25.

Author: Ellie Richards

Date of report: 25 July 2023

[Broads Plan](#) strategic objectives: All

Appendix 1 – Draft Statement of Accounts 2022/23

Broads Authority

Draft Statement of Accounts 2022/23

Contents

Narrative report	4
Introduction	4
About the Broads Authority	4
Governance	5
Operational model	6
Risks	7
Opportunities	7
Strategy and resource allocation	8
Performance	9
Outlook	10
Changes to the 2022/23 Accounts	10
The accounting statements	10
Statement of Responsibilities for the Statement of Accounts	13
The Authority's Responsibilities	13
The Director of Finance's Responsibilities	13
Director of Finance's Certificate	13
Certificate of Committee Resolution	14
Independent Auditor's Report to the Members of the Broads Authority	15
Expenditure and Funding Analysis	16
Comprehensive Income and Expenditure statement	17
Movement in reserves statement	18
Balance sheet	20
Cash Flow statement	21

Notes to the Statement of Accounts	22
1. Accounting policies	22
2. Accounting Standards that have been issued but have not yet been adopted	34
3. Critical judgements in applying accounting policies	34
4. Assumptions made about the future and other major sources of estimation uncertainty	34
5. Material items of income and expenditure	35
6. Events after the balance sheet date	35
7. Note to the expenditure and funding analysis	36
8a. Expenditure and income analysed by nature	39
8b. Revenue from contracts with service recipients	39
9. Adjustments between accounting basis and funding basis under regulations	40
10. Transfers to/from earmarked reserves	41
11. Financing and investment income and expenditure	43
12. Taxation and non-specific Grant income	43
13. Property, plant and equipment	44
14. Inventories	50
15. Debtors	50
16. Cash and cash equivalents	50
17. Creditors	51
18. Provisions	52
19. Usable reserves	53
20. Unusable reserves	53
21. Cash Flow Statement – Operating Activities	56
22. Cash flow statement – investing activities	56
23. Cash flow statement – financing activities	57
24. Members' allowances	57
25. Officers' remuneration	57
26. External audit costs	60
27. Grant income	61
28. Related parties	62
29. Capital expenditure and capital financing	64

30. Leases	64
31. Termination benefits	67
32. Defined Benefit Pension Schemes	67
33. Contingent Liabilities	75
34. Financial Instruments	76
35. Nature and Extent of Risks Arising from Financial Instruments	79
36. Navigation Income and Expenditure Account	81
Glossary of Terms	82

Narrative report

Introduction

The purpose of the Narrative Report is to provide information on the Authority, its main objectives and strategies and the principal risks that it faces. It also provides commentary on how the Authority has used its resources to achieve its outcomes in line with its objectives and strategies.

About the Broads Authority

The Broads Authority was established by the Norfolk and Suffolk Broads Act 1988.

Its duties, as subsequently amended by the Natural Environment and Rural Communities Act 2006, are to manage the Broads for the purpose of:

- conserving and enhancing the natural beauty, wildlife and cultural heritage of the Broads;
- promoting opportunities for the understanding and enjoyment of the special qualities of the Broads by the public; and
- protecting the interests of navigation.

This brought the first two purposes into line with those of the English National Park Authorities, as recommended in the Department for Environment, Food and Rural Affairs (Defra) report 'Review of English Park Authorities' published in July 2002.

In discharging its function, the Authority should have regard to:

- the national importance of the Broads as an area of natural beauty and one which affords opportunities for open air recreation;
- the desirability of protecting the natural resources of the Broads from damage; and
- the needs of agriculture and forestry and the economic and social interests of those who live and work in the Broads.

In respect of its navigation area the Authority is required to:

- maintain the navigation area for the purposes of navigation to such a standard as appears to it to be reasonably required; and
- take such steps to improve and develop it as it thinks fit.

The Broads Authority Act 2009 amended the 1988 Act and is primarily concerned with augmenting the Authority's powers to ensure safety on the Broads, including the application of the Boat Safety Scheme and compulsory third-party insurance. It also made provision for the transfer of responsibility for the navigation in Breydon Water to the Authority which was implemented in 2012. The 2009 Act removed the need for the Authority to maintain a separate navigation account and contained provisions which require the Authority to ensure

that, taking one year with another, expenditure on navigation matters is equal to navigation income.

The Broads Plan is the key management plan for the Broads. It sets out a long-term vision for the benefit of the natural and cultural environment, local communities and visitors. Although the Authority is responsible for its production it is a plan for the whole of the Broads, and its success very much depends on a common vision, strong partnership working and the best use of shared resources. The plan for the period 2022-27 was adopted by the Authority on 23 September 2022 and is publicly available via the website link below.

[Broads Plan 2022 - 2027 \(broads-authority.gov.uk\)](https://broads-authority.gov.uk)

The Authority's Strategic Priorities are set annually by the members in line with objectives in the Broads Plan. Progress against the Strategic Priorities is reported regularly to the Authority and details of 2022/23 can be found in the link below:

[Strategic priorities update](#)

All decisions are supported by the Authority's core values. These are enduring beliefs or ideals about what is good or desirable and what is not. They are:

- Sustainable - we take the long-term view, are passionate about our environment and its ability to provide for a vibrant local economy and the well-being of local people;
- Exemplary - we strive for excellence in all we do. We are ambitious, innovative and lead by example;
- Commitment - we are committed to making a difference to the Broads for the benefit of all, and will have the courage of our convictions when faced with difficult issues;
- Caring - we are considerate and respectful of each other, working together to provide the best service we can; and
- Open and Honest - we are open, honest and inclusive in our communication and in making decisions. We are approachable and available, reaching out to all groups.

The Authority is funded from two major sources; National Park Grant from Defra and Navigation Toll Income.

Governance

The Annual Governance Statement provides details of progress against the current year and provides the new financial year action plan. This will be considered by the Authority on 28 July and will be available via the link below:

[Broads Authority - 28 July 2023 \(broads-authority.gov.uk\)](#)

In 2018 the Government commissioned a review of National Parks and Areas of Outstanding Natural Beauty (AONBs) looking at coverage of designations, how designated areas deliver their responsibilities, how designated areas are financed, and whether there is scope for

expansion. The review team, led by Julian Glover, visited the Broads in November 2018. The team's report "Landscapes Review" was published in September 2019. The Government's response was published on 15 January 2022. The Authority held a member workshop on 24 February and the Authority's formal response was considered in March 2022. A link to the committee report can be found below. The report also contains a link to the final report and the Government's response.

[Landscapes Review – response to Government consultation \(broads-authority.gov.uk\)](https://broads-authority.gov.uk/landscapes-review-response-to-government-consultation)

Operational model

The Authority consists of three Directorates; Finance and Support Services, Operations and Strategic Services. The total number of staff employed by the Authority gives a head count of 155 or 139.1 Full Time Equivalents (FTE) as at 31 March 2023. This is split 28 (22.9 FTE) Finance and Support Services, 75 (71.3 FTE) Operations, 52 (44.9 FTE) Strategic Services. Due to the seasonal nature of the Authority's activities the levels of staff vary throughout the year and the year-end position may vary depending on when Easter falls.

The Finance and Support Services Directorate consists of: the Governance Team who service the Authority's various committees; Asset Management, IT, Collection of Tolls, Finance and Insurance team.

The Operations Directorate consists of; the Construction, Maintenance and Ecology teams who carry out the practical work on the Broads, from dredging to the maintenance and refurbishment of moorings, land-based sites and project managing the National Heritage Lottery Fund (NHLF) project 'Water, Mills and Marshes'; the Ranger team who patrol the waterways enforcing the byelaws, carry out small scale practical works and Safety Management with health and safety responsibility for all staff and visitor safety on and near the water.

The Strategic Services Directorate consists of; Planning - responsible for all planning applications, enforcement and the Local Plan within the Authority's executive area; Communications - responsible for all publications, events and visitor services; HR - supporting all of the Authority's employees; Volunteer Services which support volunteering opportunities across all areas of the Authority; and other strategic priorities; the management of the European Regional Development Fund (ERDF) INTERREG project 'Creating A New Approach to Peatland Ecosystems' (CANAPE), the Nature for Climate Peatland Grant Scheme which aims to create solutions towards peatland restoration, and Farming in Protected Landscapes (FiPL) which supports farmers and land managers in the Broads.

The Authority receives income from planning fees, contributions from landowners and the Rural Payments Agency towards fen management, Visitor Centres and Yacht Station sales and external funding such as the Discovery Grant from the Nature for Climate Peatland Scheme, Defra support for FiPL, NHLF and ERDF.

Risks

Uncertainty exists about future years' settlements and their duration. Cuts to the National Park Grant in years 2010/11 to 2015/16 has meant the Authority has already restructured to make savings and in 2022/23 has used its reserves to balance the budget. For the 2023/24 budget allocations between National Park and Navigation were reassessed to ensure the correct charges are applied. This will help minimise the impact of any future reductions to the National Park Grant beyond 2024/25. There continues to be uncertainty around the impact of inflation, wage increases and rising fuel costs. The Landscape Review recommended that "Central Government funding should continue and be both extended and secured across a five-year period." This would greatly assist the Authority in its financial planning.

Risks are reviewed on a regular basis with actions being taken to mitigate any possible impacts. Reports to the Authority highlight risks on potential new areas of activity. The Audit and Risk Committee receive detailed reports on the current risks with details of the individual risks, risk owner and actions. A link to the latest report can be found below.

[Corporate Risk Register - review \(broads-authority.gov.uk\)](https://broads-authority.gov.uk/corporate-risk-register-review)

Review of Corporate Risk Register

Following a recommendation from internal audit's Corporate Governance and Risk Management review the risk register and policy was reviewed and updated during 2022/23. The risk register is now split between the Corporate Risk Register, focusing on risks that are strategic, and Directorates' risk registers, focusing on operational day to day risk. The Corporate Risk Register is reviewed at every Audit and Risk Committee meeting with the option for significant risks being reported to the Broads Authority.

Opportunities

External funding opportunities continue to be investigated and supported by National Parks Partnership LLP (NPP). NPP continues to promote corporate partnerships for the UK National Parks with the aim to make a significant, sustainable and discernible contribution to the improved quality of UK National Parks and the benefits they offer for generations to come. The UK National Parks also continue to investigate efficiencies through joint procurement and services and to create resilience amongst the Parks. 2019/20 saw the creation of the UK National Parks Communication Team hosted by the Broads Authority. This service is jointly funded by 14 UK National Parks and seeks to promote a shared sense of identity.

The National Parks will continue to work with DEFRA and its appointed consultant, Philanthropy Company, to explore opportunities to increase income to the Parks.

The Authority has already been successful in gaining external funding from; the NHLF for Water, Mills and Marshes, ERDF for CANAPE, ERDF for EXPERIENCE, Nature for Climate Peatland Scheme and Electrifying the Broads. From 2017/18 to 2021/22 Columbia provided clothing to all front-line staff. Although the free provision of clothing has ended the opportunity to continue to purchase clothing at reduced rates continues.

June 2022 saw the Authority return to the Norfolk Show, hosting the Broads village and promoting the National Park and partner organisations. It was a popular destination with twenty stands and was visited by up to 90,000 visitors, including hundreds of school children. The Authority is planning to return to the Show in June 2023.

2022/23 has seen the Authority benefit from two additional funding pots from DEFRA. The first in November related to Access for All funding in Protected landscapes. This work has helped fund footpath improvements at both Hoveton Riverside Park and Horsey Wind Pump. Then in December 2022, the Authority received notification that for the first time, it would receive capital funding of £1,257,112 to purchase new equipment and land and support the repair of a drainage structure at Strumpshaw. All of which would improve biodiversity in the Broads. Despite the tight deadline to spend the money, all purchases were completed, with the exception of the land purchase, by 31 March 2023.

At the very end of the financial year Defra allocated a further £440k to each of the English National Parks. The Authority is giving careful consideration as to how to make the most of the opportunity presented by this one-off payment

The EXPERIENCE funding continued to support visitor experiences and during March 2023 Thurne phone box was transformed into the Broads smallest visitor centre with a wind-up audio player that helps identify bird song in the area. Signs on the platforms were also installed at Norwich train station welcoming visitors to the Broads National Park.

Strategy and resource allocation

The current Financial Strategy was drawn up having regard to the Authority's grant settlement and the priorities in the Broads Plan. It sets out a prudent strategy for managing the limited resources available in order to build on the work underway across the organisation and to continue to deliver the Authority's key priorities over the next three years. The focus in developing the Financial Strategy has been to deliver the maximum possible efficiencies and savings in order to minimise the impact on front-line activity. The Authority recognises that without its employees continued commitment and hard work this would not be possible.

In developing the Financial Strategy, a number of assumptions have been made in respect of National Park Grant allocations, future boat numbers and the level of staff pay inflation. The Strategy follows the general principle that the Authority should seek to maintain the general (National Park) reserve at a minimum of £100,000 plus 10% of net expenditure, and the navigation reserves at a minimum of 10% of net expenditure. It also expects that General and Navigation income and expenditure should be broadly in balance across the life of the Financial Strategy.

On 20 November 2007, the Authority took out a £290,000 loan from the Public Works Loan Board (PWLB). The repayment period of the loan is 20 years at a fixed interest rate of 4.82%, repayable by equal instalments of principal. The Public Works Loan Board has advised that the fair value of the debt as at 31 March 2023 is £67,138.

The purpose of this loan was to finance the purchase of the Dockyard Operation from May Gurney to enable the Authority to continue to dredge the Broads in an economical and efficient manner.

During 2020/21, the Authority took out a further loan from the PWLB for £105,000. The purpose of the loan was to fund the purchase of a new JCB excavator. These types of purchases have typically been financed by finance leases in the past, but the fixed rate of interest at 2% made the loan the cheapest option. The loan is to be repaid over five years, repayable by annuity. The PWLB has advised that the fair value of the debt as 31 March 2023 is £63,276.

Performance

Performance is assessed against progress made towards the Broads Plan, Strategic Priorities and the Budget with regular updates being provided to the Authority.

General (National Park) Income and Expenditure

The Authority received National Park Grant of £4,934k from Defra (£3,414k in 2021/22). This included one-off additional funding for 2022/23, this was made up of capital funding for Biodiversity of £1,055k, £440k supplementary core grant funding and £25k for Biodiversity Net Gain (£nil in 2021/22) In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £2,151k (£1,401k in 2021/22). Total income for 2022/23 was £7,085k (£4,815k in 2021/22).

The Authority set a budget for 2022/23 with a forecast deficit of £221k (£124k deficit for 2021/22). This deficit was to be balanced using reserves. The Authority monitors its budget throughout the year against a forecast outturn which is updated monthly. The final forecast outturn for the year 2022/23 indicated an anticipated deficit of £200k. The actual outturn saw a deficit of £221k (an adverse variance of £21k). The Authority has a policy for carrying forward requests in respect of underspends. These were considered and approved the Authority on 12 May for £29k (nil for 2021/22) and added to the 2023/24 budget.

Navigation Income and Expenditure

Income from tolls was £3,721k (£3,632k in 2021/22), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £238k, (£322k in 2021/22) and interest was £58k (£6k in 2021/22). Total income for 2022/23 was £4,017k (£3,954k in 2021/22).

The Authority set a budget with a forecast deficit of £206k for 2022/23 (deficit of £299k for 2021/22). This deficit was to be balanced using reserves. The Authority monitors its budget throughout the year against a forecast outturn which is updated monthly. The final forecast outturn for 2022/23, which took account of approved budget changes, indicated an anticipated deficit of £172k. The actual outturn saw a deficit of £146k (a favourable variance of £26k). The Authority has a policy for carrying forward requests in respect of underspends. These were considered and approved by the Authority on 12 May but due to the requests being funded from the earmarked reserves the net effect on the revenue budget for 2023/24 was £nil (£75k for 2021/22).

The Statement of Accounts consolidates these results and the combined figures are found in the Comprehensive Income and Expenditure Statement (CIES) and the Expenditure Funding Analysis (EFA). The CIES can be found on page 17 and the EFA on page 16.

Outlook

2022/23 continues to focus on the successful delivery of the Nature for Climate Peatland Scheme discovery phase before exploring if the Authority will submit a bid for the restoration phase. Our two external funded projects from the NHLF and ERDF will see the completion of the practical works before the submission of the final claims in 2023 and 2024. Although the projects are claimed in arrears the impact on the Authority's cash flows is minimal. As the ERDF project is coming to an end, there is little uncertainty remaining on future exchange rates for the ERDF grant which is contracted in Euros. The use of a prudent exchange rate during the application phase has minimised any negative impact. The budget for Navigation is projecting a deficit of £55k in 2023/24 (after considering carry forward requests), with reserves at 12.7% of net expenditure at the end of the year. For General (National Park) funding there is a projected surplus of £37k in 2023/24, with reserves at 24.4% of net expenditure. The Navigation deficit will be balanced using reserves.

The Strategy also covers capital expenditure with the majority being funded from Earmarked Reserves and the rest from National Park Grant and Navigation income.

There are a significant number of variables – and some unknown quantities, such as future inflation, cost of utilities and salary increases – which could impact on these figures. The Financial Strategy will therefore be reviewed and updated by the Authority, having regard to any changes in circumstances and the annual outturn figures, at its meeting in January 2024. The annual toll increase for 2023/24 was set at 13% for all vessels. When setting the future strategy, the Authority will continue to consult with the Navigation Committee before the Broads Authority makes a decision. 2023/24 continues to focus on the development of partnership work. Work will also continue with partners to help shape the future of payments to farmers and land managers post-Brexit, which includes the scheme administered by the Broads Authority (Farming in Protected Landscapes). Climate change remains a threat to the Broads. Broadland Futures Initiative, in collaboration with the Environment Agency, will continue the modelling and engagement work with stakeholders.

Changes to the 2022/23 Accounts

There have been no key changes to the Statement of Accounts in 2022/23.

The accounting statements

The Broads Authority's accounts for the year 2022/23 are set out on pages 13 to 81. They consist of:

Statement of Responsibilities for the Statement of Accounts

Statement of Corporate Governance

Expenditure and Funding Analysis – This statement shows how annual expenditure is used and funded from resources (government grants and rents) in comparison with those

resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis is a note to the Financial Statements, however its position next to the Comprehensive Income and Expenditure Statement is to provide a link from the figures reported under Performance within the Narrative Report.

Comprehensive Income & Expenditure Statement – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Movement in Reserves Statement – This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable' reserves and 'other' reserves. The 'surplus / deficit on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. The 'net increase / decrease before transfers to earmarked reserves' line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

Balance Sheet – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. Reserves are reported in two categories. The first category of reserves are 'usable' reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement of Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement – The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of tolls and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

These accounts are supported by the Statement of Accounting Policies in Note 1, which follows the Accounting Statements, and various notes to the accounts.

The information included in these accounts incorporates spending relating to the Broads Navigation. The Navigation income and expenditure is separately accounted for in the records to ensure the proper control of income from toll payers and to ensure it is spent primarily to benefit the users of the navigation. Navigation income and expenditure is shown in full at note 36 on page 81.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- a) Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance.
- b) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- c) Approve the statement of accounts.

The Director of Finance's Responsibilities

The Director of Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Local Authority Code.

The Director of Finance has also:

- kept proper accounting records which were up-to-date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Director of Finance's Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Broads Authority at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

Emma Krelle (Director of Finance)

Certificate of Committee Resolution

I confirm that these accounts were given delegated approval by the Broads Authority at its meeting held (insert date).

Signed on behalf of The Broads Authority:

(Chair of meeting approving the accounts)

Date

Independent Auditor's Report to the Members of the Broads Authority

Expenditure and Funding Analysis

This statement shows how funding available to the Authority for the year has been used in providing services in accordance with generally accepted accounting practices.

2021/22 Net expenditure chargeable to the General and navigation fund balances £000	2021/22 adjustments between the funding and accounting basis £000	2021/22 Net expenditure in the comprehensive income and expenditure statement £000	Function	2022/23 Net expenditure chargeable to the General and navigation fund balances £000	2022/23 adjustments between the funding and accounting basis £000	2022/23 Net expenditure in the comprehensive income and expenditure statement £000
1,294	306	1,600	Operations	1,175	257	1,432
1,152	283	1,435	Strategic Services	1,328	262	1,590
774	84	858	Finance & Support Services (previously known as Chief Executive)	1,793	(808)	985
76	0	76	Corporate Amounts	79	0	79
(333)	627	294	Broads Navigation Account	14	533	547
2,963	1,300	4,263	Net cost of services (subtotal)	4,389	244	4,633
(3,380)	271	(3,109)	Other income and expenditure	(4,837)	88	(4,749)
(417)	1,571	1,154	(Surplus) or Deficit	(448)	332	(116)
(1,787)			Opening general and navigation fund balance	(1,669)		
(417)			Less/plus surplus or (deficit) on general and navigation balance in year	(448)		
535			Transfer (to)/from earmarked reserves	894		
(1,669)			Closing general and navigation fund balance at 31 March	(1,223)		

The Expenditure and Funding Analysis is a note to the Financial Statements; however, it is positioned here as it provides a link from the figures reported under Performance within the Narrative Report to the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2021/22 Gross expenditure £000	2021/22 Income £000	2021/22 Net expenditure/ (income) £000	Description	Note	2022/23 Gross expenditure £000	2022/23 Income £000	2022/23 Net expenditure/ (income) £000
2,061	(461)	1,600	Operations		2,241	(809)	1,432
2,344	(909)	1,435	Strategic Services		2,846	(1,256)	1,590
880	(22)	858	Finance & Support Services		1,007	(22)	985
76	0	76	Corporate Items		79	0	79
4,241	(3,947)	294	Broads Navigation Account	36	4,496	(3,949)	547
9,602	(5,339)	4,263	Cost of services (subtotal)		10,669	(6,036)	4,633
		(1)	(Gains)/Losses on the disposal of non-current assets				(8)
		306	Financing and investment income and expenditure	11			193
		(3,414)	Taxation and non-specific grant income and expenditure	12			(4,934)
		1,154	(Surplus) or deficit on provision of services (subtotal)				(116)
		(211)	(Surplus) or deficit on revaluation of fixed assets				(272)
		(5,352)	Actuarial (gains)/losses on pension assets/liabilities				(12,669)
		(5,563)	Other comprehensive income and expenditure (subtotal)				(12,941)
		(4,409)	Total comprehensive income and expenditure				(13,057)

Movement in reserves statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure) and 'other' reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

2021/22	General fund and navigation fund balance £000	Capital receipts reserve £000	Capital Grants Unapplied £000	Earmarked reserves £000	Total useable reserves £000	Unusable reserves £000	Total Authority reserves £000
Balance at 31 March 2021 (A)	1,787	405	0	2,338	4,530	(8,650)	(4,120)
Total comprehensive income and expenditure	(1,154)	0	0	0	(1,154)	5,563	4,409
Adjustments between accounting basis and funding basis under regulations (Note 9)	1,571	0	0	0	1,571	(1,571)	0
Transfers to or from Earmarked reserves (Note 10)	(535)	0	0	535	0	0	0
Increase or (decrease in 2021/22 (B) (subtotal)	(118)	0	0	535	417	3,992	4,409
Balance at 31 March 2022 (=A+B)	1,669	405	0	2,873	4,947	(4,658)	289

2022/23	General fund and navigation fund balance £000	Capital receipts reserve £000	Capital Grants Unapplied £000	Earmarked reserves £000	Total useable reserves £000	Unusable reserves £000	Total Authority reserves £000
Balance at 31 March 2022 (A)	1,669	405	0	2,873	4,947	(4,658)	289
Total comprehensive income and expenditure	116	0	0	0	116	0	116
Other Comprehensive income and expenditure	0	0	0	0	0	12,941	12,941
Adjustments between accounting basis and funding basis under regulations (Note 9)	332	17	150	0	499	(499)	0
Transfers to or from Earmarked reserves (Note 10)	(894)	0	0	894	0	0	0
Increase or (decrease in 2022/23 (B) (subtotal)	(446)	17	150	894	615	12,442	13,057
Balance at 31 March 2023 (=A+B)	1,223	422	150	3,767	5,562	7,784	13,346

Balance sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

As at 31 March 22 £000	Category	Note	As at 31 March 23 £000
4,603	Property, plant & equipment	13	5,497
4,603	Long term assets (subtotal)		5,497
5,006	Short term investments		5,029
125	Inventories	14	141
794	Short term debtors	15	1,905
1,152	Cash and cash equivalents	16	702
7,077	Current assets (subtotal)		7,777
(35)	Short term borrowing		(35)
(2,017)	Short term creditors	17	(2,076)
(119)	Provisions	18	(99)
(23)	Grant receipts in advance	27	(45)
(2,194)	Current liabilities (subtotal)		(2,255)
(130)	Long term borrowing		(94)
(9,067)	Other long-term liabilities	30, 32	2,421
(9,197)	Long term liabilities (subtotal)		2,327
289	Net assets (liabilities)		13,346
-	Useable reserves	-	-
822	General account fund balance		611
847	Navigation account fund balance		612
405	Capital receipts reserve		422
-	Capital Grants Unapplied Account		150
2,873	Earmarked reserves	10	3,767
-	Unusable reserves	20	-
2,082	Revaluation reserve		2,340
2,330	Capital adjustment account		3,030
(9,008)	Pension reserve		2,467
(62)	Accumulated absence reserve		(53)
289	Total reserves		13,346

Emma Krelle (Director of Finance)

Cash Flow statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2021/22 £000	Revenue activities	Note	2022/23 £000
(1,154)	Net surplus or (deficit) on the provision of services		116
2,132	Adjustments to net surplus or deficit on the provision of services for non-cash movements		434
(3)	Adjust for items in the net surplus or deficit on the provision of services that are investing and financing activities		(1,087)
975	Net cash flows from operating activities (subtotal)	21	(537)
(2,119)	Investing activities	22	150
(78)	Financing activities	23	(63)
(1,222)	Net increase or (decrease) in cash and cash equivalents (subtotal)		(450)
2,374	Cash and cash equivalents at the beginning of the reporting period		1,152
1,152	Cash and cash equivalents at the end of the reporting period	16	702

Notes to the Statement of Accounts

1. Accounting policies

i. General principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amounts is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 7 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv. Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v. Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi. Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there
- are no accumulated gains in the Revaluation Reserve against which the losses
- can be written off; and
- amortisation of intangible fixed assets attributable to the service.

vii. Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in

lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment benefits

Employees of the Broads Authority are members of Norfolk Pension Fund for civilian employees (the Local Government Pension Scheme), administered by Norfolk County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

viii. Events after the balance sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix. Fair value measurement

The Authority measures some of its non-financial assets such as investment properties and some of its financial instruments such as borrowings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quotes prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

x. Financial instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest is the rate that

exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Long term loans are shown in the balance sheet as the capital element outstanding at the year-end, split between amounts due within the current year and amounts due outside the year. Any interest paid is taken directly to the income and expenditure account. The 'fair value' of any loans is disclosed in the notes to the accounts with accompanying explanations.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for Statements the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

The Authority has not made any material loans.

xi. Foreign currency translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

xii. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiii. Inventories

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the FIFO (first-in, first-out) costing formula.

xiv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as lessee

Finance leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as lessor

Operating leases

Where the Authority grants an operating lease over a property or an item of plant or

equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xv. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. A de minimis limit of £5,000 is used to recognise fixed assets.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation between 5 and 50 years, as advised by a professional valuer;
- floating plant and vessels – straight-line allocation between 15 and 30 years, as advised by a suitably qualified officer;
- other plant, vehicles, furniture and equipment – straight-line allocation between 5 and 15 years, as advised by a suitably qualified officer; and
- infrastructure – straight-line allocation between 20 and 25 years, as advised by a suitably qualified officer.

Where an asset has been acquired under a finance lease arrangement, and the lease term is shorter than the asset's estimated useful life, the asset is depreciated over the lease term.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Receipts below £5,000 arising from the sale of fixed assets are allocated to revenue. The Broads Authority has a policy of not depreciating assets in the first year of ownership.

Disposals and non-current assets

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant or Equipment) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any

revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement) (England and Wales). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against the general fund, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xvi. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note (note 33) to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xvii. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent useable resources for the Authority – these reserves are explained in the relevant policies.

xviii. Operating segments

In accordance with IFRS 8 and the Code, the Broads Authority keeps the general fund and navigation fund separately. Under the Code, the Authority has prepared a single income and expenditure account for 2021/22, however in note 36 to the accounts the navigation income and expenditure is shown.

xix. Allocation of costs

Salary, vehicle and other revenue costs are reallocated within the general expenditure to major projects that are grant aided partially or wholly by sources other than Defra grant. The method of allocation is kept as simple as possible and is either made on usage, such as number of hours spent on a project, or estimated on a percentage basis.

Recharges between the general and navigation funds are based on staff time and usage.

xx. Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

xxi. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards that have been issued but have not yet been adopted

The 2022/23 Code of Practice on Local Authority Accounting adopts the following amendments to International Accounting Standards and International Financial Reporting Standards, which will be required from 1 April 2023:

- The implementation of IFRS 16 Leases will take effect from 1 April 2023. This will be a significant change in Local Authority Accounting. Its introduction will remove the distinction between operating and finance leases for lessees. The standard will require assets to be recognised on the balance sheet as well as the liability for outstanding lease payments. This will apply where the right to use the asset exceeds 12 months and it is not considered low value. This will be a significant change to the Authority as it holds a number of operating leases relating to land that is used for moorings.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Despite the one-year settlement from DEFRA for 2023/24 there remains a degree of uncertainty about the longer-term levels of funding for National Parks. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Authority is a member of Whitlingham Charitable Trust of which there are four members. The Authority can appoint up to four trustees and there shall be no more than nine in total. The Trust is limited by guarantee in which each member agrees to contribute £1 in the event of it being wound up. Whitlingham Charitable Trust was established to manage and maintain Whitlingham Country Park for public benefit. The Authority does not have a controlling influence, and it does not have any share equity, or any share in profits or losses. It is considered therefore that International Accounting Standard (IAS) 28 – Accounting for Investments in Associates - does not apply as the charity has no formal equity structure, and the Authority does not derive any financial benefit from the Trust.

4. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk

of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if actual results differ from assumptions
Property plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge would increase by £52,000 for every year that useful lives had to be reduced.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £585,000. Further details are set out in the sensitivity analysis in note 32.

5. Material items of income and expenditure

There are no material items of expense in relation to 2022/23 which are not disclosed elsewhere within the Statement of Accounts.

6. Events after the balance sheet date

The Draft Statement of Accounts was authorised for issue by the Director of Finance on X 2023. Events that occur after this date are not reflected in the financial statements or notes.

7. Note to the expenditure and funding analysis

Adjustments from General and Navigation Fund to arrive at the Comprehensive Income and Expenditure Statement Amount

2021/22 Adjustments for capital purposes (Note 1) £000	2021/22 Net change for the pension's adjustments (Note 2) £000	2021/22 Other differences (Note 3) £000	2021/22 Total adjustments £000	Description	2022/23 Adjustments for capital purposes (Note 1) £000	2022/23 Net change for the pension's adjustments (Note 2) £000	2022/23 Other differences (Note 3) £000	2022/23 Total adjustments £000
88	215	3	306	Operations	75	187	(5)	257
31	257	(5)	283	Strategic Services	27	235	0	262
1	84	(1)	84	Finance & Support Services	(890)	83	(1)	(808)
0	0	0	0	Corporate Items	0	0	0	0
157	472	(2)	627	Broads Navigation Account	103	434	(4)	533
277	1,028	(5)	1,300	Net Cost of Services (subtotal)	(685)	939	(10)	244
0	271	0	271	Other income and expenditure from the Expenditure and Funding analysis	(167)	255	0	88
277	1,299	(5)	1,571	Difference between General and Navigation Fund surplus or deficit and comprehensive Income and Expenditure Statement Surplus of Deficit on the Provision of Services	(852)	1,194	(10)	332

Note

1. Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
 - Other operating expenditure – adjusts for capital disposal with a transfer of income on disposal of assets and the amounts written off for those assets.
 - Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
2. Net change for the removal of pension contribution and the addition of IAS 19 Employee Benefits pension related expenditure and income:
 - For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
 - For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.
3. Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute including accumulated absences.

Income received on a segmental basis is analysed below:

Service	2021/22 Income from services (£000)	2022/23 Income from services (£000)
Operations	(461)	(809)
Strategic Services	(909)	(1,256)
Finance & Support Services	(22)	(22)
Corporate items	0	0
Specialist ringfenced account (navigation)	(3,947)	(3,949)
Total income analysed on a segmental basis	(5,339)	(6,036)

8a. Expenditure and income analysed by nature

The Authority's expenditure and income is analysed as follows:

Expenditure	2021/22 £000	2022/23 £000
Employee benefits expenses	6,326	6,699
Other services expenses	3,589	4,772
Depreciation, amortisation, impairment	475	326
Interest payments	46	55
Expenditure in relation to investment properties	0	0
Loss/(gain) on the disposal of assets	(1)	(8)
Total expenditure	10,435	11,844

Income	2021/22 £000	2022/23 £000
Fees, charges and other service income	(5,343)	(6,051)
Interest and investment income	(12)	(117)
Contributions from reserves	(592)	(857)
Government grants and contributions	(3,414)	(4,935)
Total income (subtotal)	(9,361)	(11,960)
Surplus or deficit on the provision of services	1,154	(116)

In addition to the amounts reported within the Comprehensive Income and Expenditure Statement the breakdown above also includes income and expenditure funded from the earmarked reserves.

8b. Revenue from contracts with service recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

Contract Revenue	2021/22 £000	2022/23 £000
Revenue from contracts with service recipients	123	130
Total included in comprehensive income and expenditure	123	130

Amounts included in the Balance Sheet for contracts with service recipients

Outstanding Revenue	2021/22 £000	2022/23 £000
Receivables, which are included in debtors (Note 15)	0	0
Total included in net assets	0	0

9. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2021/22 General fund and navigation fund £000	2021/22 Capital receipts reserve £000	2021/22 Movement in unusable reserves £000	Adjustments	2022/23 General fund and navigation fund £000	2022/23 Capital receipts reserve £000	2022/23 Capital Grants Unapplied Account £000	2022/23 Movement in unusable reserves £000
			Adjustments primarily involving the Capital Adjustment Account:				
			Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:				
0	0	0	Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(3)	3	0	0
352	0	(352)	Charges for depreciation and impairment of non-current assets	320	0	0	(320)
113	0	(113)	Revaluation losses on property, plant and equipment	6	0	0	(6)
9	0	(9)	Amortisation of intangible assets	0	0	0	0
2	0	(2)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10	14	0	(24)
			Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
(78)	0	78	Statutory provision for the financing of capital investment	(64)	0	0	64
(121)	0	121	Capital expenditure charged against the General Fund	(66)	0	(905)	971
			Adjustments involving the Capital Resources:				
0	0	0	Application of Capital Grant to finance Capital Expenditure	(905)	0	905	0
0	0	0	Transfer of Capital Grants and contributions to Capital Unapplied Grant	(150)	0	150	0
			Adjustments involving the Pensions Reserve:				
2,108	0	(2,108)	Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 32)	2,080	0	0	(2,080)
(809)	0	809	Employer's pension contributions and direct payments to pensioners payable in the year	(886)	0	0	886
			Adjustments involving the accumulated Absences Account:				
(5)	0	5	Adjustments in relation to short-term compensated absences	(10)	0	0	10
1,571	0	(1,571)	Total adjustments	332	17	150	(499)

10. Transfers to/from earmarked reserves

This note presents details of the amounts set aside in earmarked reserves to provide financing for future expenditure and the amounts posted back from earmarked reserves to meet expenditure in 2022/23. A description of each of the earmarked reserves follows in the table below.

Reserve Name	Balance at 31 March 2021 £000	Transfers in 2021/22 £000	Transfers out 2021/22 £000	Balance at 31 March 2022 £000	Transfers in 2022/23 £000	Transfers out 2022/23 £000	Balance at 31 March 2023 £000
Property	(731)	(173)	24	(880)	(98)	42	(936)
Plant, vessels and equipment	(346)	(217)	78	(485)	(220)	69	(636)
Premises	(212)	(82)	0	(294)	(88)	5	(377)
Planning delivery grant	(228)	(17)	0	(245)	(16)	0	(261)
Upper Thurne Enhancement Scheme	(165)	(22)	0	(187)	(27)	0	(214)
Section 106 Agreements	(34)	0	34	0	0	0	0
Heritage Lottery Fund	(32)	(345)	369	(8)	(636)	473	(171)
Catchment Partnership	(75)	(32)	22	(85)	(48)	48	(85)
CANAPE	(391)	(210)	125	(476)	(67)	80	(463)
Computer Software	(31)	(98)	0	(129)	(23)	0	(152)
UK National Park Communications	(47)	(152)	161	(38)	(88)	121	(5)
Match Funding	(46)	0	0	(46)	0	29	(17)
Medium Term Financial Planning	0	0	0	0	(450)	0	(450)
Total	(2,338)	(1,348)	813	(2,873)	(1,761)	867	(3,767)

Included in the closing balance of £3,687k, £1,471k relates to Navigation funded reserves.

Earmarked reserves

Property

A reserve account set up to provide for the ongoing maintenance of the Authority's major assets, moorings and operational property assets, including Mutford Lock.

Plant, Vessels and Equipment

Reserve established to provide for the maintenance and replacement of the Authority's plant and equipment, including launches, construction and maintenance vessels and equipment, pool vehicles and fen management equipment.

Premises

A reserve account established to provide for the maintenance and development of the Authority's Dockyard facility and other buildings throughout the Broads.

Planning Delivery Grant

Balance of Defra and OPDM grants awarded to deliver the planning service.

Upper Thurne Enhancement Scheme

Reserve established to hold the balance of ring-fenced Environment Agency funding for enhancement works in the Upper Thurne.

Section 106 Agreements

A reserve account established to hold ring-fenced developers' contributions relating to planning application conditions.

Heritage Lottery Fund

A reserve account established for the Landscape Partnership project funded by the Heritage Lottery Fund.

Catchment Partnership

A reserve account set up to hold ring-fenced income from various partners within the Catchment Partnership.

CANAPE

A reserve account set up for European grant part funded project relating to the Creating A New Approach to Peatland Ecosystems.

Computer Software

A reserve account set up to provide for the ongoing replacement of Authority's Computer Software.

UK National Parks Communications

A reserve account set up to hold ring-fenced income from the 15 National Parks to fund the UK Communications Team.

Match Funding

A reserve account set up for European grant funded project EXPERIENCE.

Medium-term Financial Planning

A reserve account set up for the supplementary National Park Grant to fund medium-term plans for the Authority.

11. Financing and investment income and expenditure

2021/22 £000	Expenditure and income detail	2022/23 £000
46	Interest payable and similar charges	55
271	Net interest on the net defined benefit liability (asset)	255
(11)	Interest receivable and similar income	(117)
306	Total	193

12. Taxation and non-specific Grant income

2021/22 £000	Income detail	2022/23 £000
	Credited to Taxation and non-specific Grant income	
3,414	DEFRA National Park Grant	3,414
0	DEFRA Supplementary National Park Grant	440
0	DEFRA Biodiversity Capital Grant	1,055
0	DEFRA Biodiversity Net Gain funding	25
0	Total	4,934

13. Property, plant and equipment

Movements on balances 2021/22

Cost or valuation	Land and buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total property, plant and equipment £000
At 1 April 2021	3,139	3,222	315	323	128	7,127
Additions	21	100	0	0	0	121
Revaluation increases/(decreased) recognised in the Revaluation reserve	22	(851)	0	0	0	(829)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition-disposals	0	(3)	0	0	0	(3)
Reclassification	0	128	0	0	(128)	0
At 31 March 2022	3,182	2,596	315	323	0	6,416

Accumulated depreciation and impairment	Land and Buildings £000	Vehicles Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2021	50	2,069	270	0	0	2,389
depreciation charge	39	297	16	0	0	352
derecognition – disposals	0	(1)	0	0	0	(1)
depreciation written out to the Revaluation Reserve	(30)	(897)	0	0	0	(927)
At 31 March 2022	59	1,468	286	0	0	1,813

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment
At 31 March 2022	3,123	1,128	29	323	0	4,603
At 31 March 2021	3,089	1,153	45	323	128	4,738

Movements on balances 2022/23

Cost or valuation	Land and buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total property, plant and equipment £000
At 1 April 2022	3,182	2,596	315	323	0	6,416
Additions	0	879	0	0	92	971
Revaluation increases/(decreased) recognised in the Revaluation reserve	191	26	0	0	0	217
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	6	0	0	0	0	6
Derecognition-disposals	0	(68)	0	0	0	(68)
At 31 March 2023	3,379	3,433	315	323	92	7,542

Accumulated depreciation and impairment	Land and Buildings £000	Vehicles Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2022	59	1,468	286	0	0	1,813
depreciation charge	39	266	15	0	0	320
derecognition – disposals	0	(44)	0	0	0	(44)
depreciation written out to the Revaluation Reserve	(15)	(29)	0	0	0	(44)
At 31 March 2023	83	1,661	301	0	0	2,045

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment
At 31 March 2023	3,296	1,772	14	323	92	5,497
At 31 March 2022	3,123	1,128	29	323	0	4,603

Under land is Womack Dyke which has been valued at £5,750, however the Authority's ownership cannot be established at this point in time. Its inclusion above is not considered material.

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Category of Asset	Depreciation method	Depreciation period
Operational Land and Buildings	Straight line. (The split between land and buildings is determined by the Authority's property consultant)	Between 5 to 50 years as per professional advice
Community Land	Not depreciated	Not depreciated
Infrastructure Asset	Straight line	Between 20 to 25 years
Maintenance Craft and Floating plant	Straight line	Between 15 to 30 Years
Other Plant and Equipment	Straight line	Between 5 and 15 years
Computer and Office Equipment	Straight line	5 years

Capital Commitments

The Authority has no capital commitments as at the balance sheet date.

Impairments

In accordance with IAS 36 and the Code, Directors have undertaken an annual impairment review. No assets were considered to be impaired.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued every five years. Valuations were carried out internally and externally. Valuations of land and buildings were carried out externally by NPS Property Consultants Ltd, in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment that are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

Significant assumptions applied in estimating the current values are:

- Property, Plant and Equipment of a specialised nature were valued on the basis of what it would cost to reinstate the service, suitably adjusted to reflect for age, wear and tear and obsolescence of the existing asset.
- Infrastructure Assets and Community Assets have been valued at historic cost rather than fair value.

- Property leases have been split between finance and operating leases and valued accordingly depending upon whether the Authority is lessor or lessee.

Financial Year	Land and buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total £000
Carried at historical cost	0	73	2	323	0	398
Valued at current value as at 31 March 2023	1,632	985	0	0	92	2,709
31 March 2022	318	235	0	0	0	553
31 March 2021	538	260	0	0	0	798
31 March 2020	808	92	12	0	0	912
31 March 2019	0	127	0	0	0	127
Total cost or valuation	3,296	1,772	14	323	92	5,497

14. Inventories

Description	Consumable stores 2021/22 £000	Consumable stores 2022/23 £000	Maintenance materials 2021/22 £000	Maintenance materials 2022/23 £000	Total 2021/22 £000	Total 2022/23 £000
Balance outstanding at start of year	39	40	73	85	112	125
Purchases	31	34	142	212	173	246
Recognised as an expense in year	(30)	(36)	(130)	(194)	(160)	(230)
Written off balances	0	0	0	0	0	0
Balances outstanding at year end	40	38	85	103	125	141

15. Debtors

31 March 2022 £000	Debtor types	31 March 2023 £000
45	Trade receivables	708
637	Prepayments and accrued income	832
112	Other receivable amounts	365
794	Total	1,905

16. Cash and cash equivalents

The balance of cash and cash equivalents is made up of the following elements

31 March 2022 £000	Cash and cash equivalent types	31 March 2023 £000
2	Cash held by the Broads Authority	2
1,150	Bank current accounts	700
1,152	Total cash and cash equivalents	702

17.Creditors

31 March 2022 £000	Creditor types	31 March 2023 £000
258	Trade payables	228
1,552	Accruals and income in advance	1,716
207	Other payable amounts	132
2,017	Total	2,076

18.Provisions

2021/22 Accumulated absences provision £000	2021/22 Whitlingham Dilapidation s provision £000	2021/22 Audit Fees provision £000	2021/22 Total £000	Description	2022/23 Accumulated absences provision £000	2022/23 Audit Fees provision £000	2022/23 Biodiversity Net Gain Provision £000	2022/23 Total £000
67	47	40	154	Balance at 1 April	62	57	0	119
62	0	29	91	Additional provisions made in year	53	0	26	79
(67)	(47)	(12)	(126)	Settlements or cancellation of provision made at end of proceeding year	(62)	(37)	0	(99)
62	0	57	119	Balance at 31 March	53	20	26	99

The Whitlingham Dilapidations Provision relates to end of lease dilapidations as assessed by Whitlingham Charitable Trust. This was settled in August 2021.

The Audit Fee provision relates to the additional fees EY would like the Authority to pay relating to the 2022/23 audit. The additional fee relating to the 2020/21 audit was settled in September 2022. The Authority has not received an additional fee for the 2021/22 audit.

The Biodiversity Net Gain provision relates to funding confirmation received from DEFRA in March 2023. This funding will be used to fund Biodiversity projects in 2023/24.

For more information on the Accumulated Absence Account, see note 20.

19. Usable reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

20. Unusable reserves

31 March 2022 £000	Description	31 March 2023 £000
2,082	Revaluation reserve	2,340
2,330	Capital Adjustment Account	3,030
(9,008)	Pensions Reserve	2,467
(62)	Accumulated Absences Account	(53)
(4,658)	Total unusable reserves	7,784

Revaluation reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2021/22 £000	Description	2022/23 £000
1,887	Balance at 1 April	2,082
234	Upward revaluation of assets	321
(24)	Downward revaluation of assets	(48)
210	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services (subtotal)	273
(15)	Difference between current value depreciation and historical cost depreciation	(15)
195	Amount written off to the Capital Adjustment Account (subtotal)	258
2,082	Balance at 31 March	2,340

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2021/22 £000	Description	2022/23 £000
2,591	Balance at 1 April	2,330
0	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(3)
(352)	Charges for depreciation and impairment of non-current assets	(320)
(113)	Revaluation losses on property plant & equipment	(6)
0	Amount on Excavator w/off on disposal or sale as part of the gain/loss on disposal to CIES	3
(9)	Amortisation of intangible assets	0
(2)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss in disposal to the comprehensive income and expenditure statement	(24)
15	Adjusting amounts written out of the revaluation reserve	15
(461)	Net written out amount of the cost of non-current assets consumed in the year (subtotal)	(335)
0	Capital grants and contributions credited to CIES applied for capital financing	(1,055)

2021/22 £000	Description	2022/23 £000
0	Application of grants to capital financing from Capital Grants Unapplied Account	905
0	Transfer of capital grants and contributions to Capital Grants Unapplied	150
79	Capital financing applied in the year: Statutory provision for the financing of capital investment charges against the general fund removal of finance lease liability for assets returned in year	64
121	Capital expenditure charges against the General Fund	971
2,330	Balance at 31 March	3,030

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22 £000	Description	2022/23 £000
(13,061)	Balance at 1 April	(9,008)
5,352	Remeasurements of the net defined benefit liability/(asset)	12,669
(2,108)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,080)
809	Employer's pension contributions and direct payments to pensioners payable in the year	886
(9,008)	Balance at 31 March	2,467

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

2021/22 £000	Description	2022/23 £000
(67)	Balance at 1 April	(62)
67	Settlement or cancellation of accrual made at the end of the preceding year	0
(62)	Amounts accrued at the end of the current year	62
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(53)
(62)	Balance at 31 March	(53)

21. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2021/22 £000	Operating activity	2022/23 £000
(10)	Interest received	117
47	Interest paid	(49)
(37)	Net cash flows from operating activities	68

22. Cash flow statement – investing activities

2021/22 £000	Investing activity	2022/23 £000
(121)	Purchase of property, plant and equipment, investment property and intangible assets	(971)
(2,001)	Purchase of short-term investments	(10)
0	Proceeds from short term investments	1,099
3	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	32
(2,119)	Net cash flows from investing activities	150

23. Cash flow statement – financing activities

2021/22 £000	Financing activity	2022/23 £000
0	Cash receipts of short- and long-term borrowing	0
(44)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(28)
(34)	Repayments of short- and long-term borrowing	(35)
(78)	Net cash flows from financing activities	(63)

24. Members' allowances

The Authority paid the following amounts to Members of the Authority during the year:

2021/22 £000	Member payment type	2022/23 £000
40	Allowances	40
6	Expenses	6
46	Total	46

25. Officers' remuneration

The remuneration paid to the Authority's senior employees as follows:

Job Title	Year	Salary, fees and allowances £000	Bonuses £000	Expenses allowances £000	Pension contribution £000	Total £000
Chief Executive	2021/22	92	0	0	17	109
	2022/23	94	0	0	17	111
Director of Strategic Services	2021/22	65	0	0	12	77
	2022/23	67	0	0	12	79
Director of Operations	2021/22	65	0	0	12	77
	2022/23	67	0	0	12	79
Director of Finance *	2021/22	20	0	0	4	23
	2022/23	60	0	0	11	71

* The Director of Finance post was filled from 29 November 2021.

The number of employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is shown below:

Number of employees 2021/22	Remuneration amount band	Number of employees 2022/23
0	£50,000 - £54,999	0
1	£55,000 - £59,999	0
2	£60,000 - £64,999	1
0	£65,000 - £69,999	2
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
0	£80,000 - £84,999	0
0	£85,000 - £89,999	0
1	£90,000 - £94,999	1

Exit packages

The number and cost of exit packages agreed, analysed between compulsory redundancies and other departures, are disclosed in the table below:

Exit package cost band	Number of compulsory redundancies 2021/22	Number of compulsory redundancies 2022/23	Number of other departures agreed 2021/22	Number of other departures agreed 2022/23	Total number of exit packages by cost band 2021/22	Total number of exit packages by cost band 2022/23	Total cost of exit packages in each band 2021/22 £000	Total cost of exit packages in each band 2022/23 £000
£0-£20,000	0	1	0	0	0	1	0	4
£20,001-£40,000	0	0	0	0	0	0	0	0
Total	0	1	0	0	0	1	0	4

26.External audit costs

The Broads authority has incurred the following fees relating to audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors. The Authority has not paid an additional fee for the 2021/22 audit. Any additional fees in 2022/23 is subject to determination by PSAA Ltd under the terms of the contract, for further details please see note 18.

2021/22 £000	Type of external audit cost	2022/23 £000
11	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	11
56	Additional fees relating to the 2019/20 to 2022/23 audit of the Statement of Accounts	12
67	Total	23

27. Grant income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2021/22 £000	Grant Name	2022/23 £000
3,414	Credited to taxation and non-specific grant income: Defra National Park Grant	3,414
0	Defra Supplementary National Park Grant	440
0	Defra Biodiversity Capital Funding	1,055
0	Defra Biodiversity Net Gain Funding	25
3,414	Credited to taxation and non-specific grant income (subtotal)	4,934
344	Credited to serves: Heritage Lottery Fund – Landscape Partnership Scheme	709
0	Defra Access Funding	64
77	Natural England – Nature for Climate Peatland Scheme	392
209	CANAPE - ERDF	57
11	Defra Environment Land Management Scheme	0
3	Water Environment Grant	0
257	Defra Farming In Protected Landscapes (FiPL)	166
41	Generation Green	6
942	Credited to services (subtotal)	1,394
4,356	Total	6,328

The authority has received a grant that has yet to be recognised as income as it has conditions attached that will require the monies to be returned to the giver. The balances at the year-end are as follows:

Current liabilities

2021/22 £000	Grant receipts in advance (revenue grants)	2022/23 £000
23	Defra Farming In Protected Landscapes (FiPL)	29
0	Defra Access Funding	16
23	Total	45

28.Related parties

The Broads Authority is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties.

Members

Members of the Broads Authority have direct control over the Authority's financial and operating policies. Members of the Navigation Committee have a consultative role in respect of navigation matters. The Authority wrote to all Members requesting details of any related party transactions. Details of Members' expenses are included in note 24.

A number of members of the Broads Authority are appointed by Local Authorities within the Broads area. The Authority transacts with these other Local Authorities for items such as rates in the normal course of business. There were no material transactions with Local Authorities which are not disclosed elsewhere within the Statement of Accounts.

Mr Andrew Hamilton is a member of the Navigation Committee and is Director of 'Eastwood Whelpton Ltd'. Eastwood Whelpton Ltd paid £13,807 (£12,713 2021/22) navigation tolls to the Broads Authority in 2022/23.

Mr James Knight is a member of the Broads Authority and Planning Committee and is a Director of 'Waveney River Centre (2003) Ltd'. In October 2021 all of the assets were transferred from Waveney River Centre to Tingdene. Waveney River Centre (2003) Ltd paid nil (£9,616 2021/22) navigation tolls to the Broads Authority in 2022/23. The Authority also made fuel purchases of nil (£323 in 2021/22), services to lift a pontoon of nil (£690 2021/22) and used mooring facilities of nil during 2022/23 (£2,250 2021/22). No amounts were outstanding at 31 March 2023. Mr Knight is also Director of 'Norfolk Broads Direct' who paid £141,652 navigation tolls in 2022/23 (£133,561 in 2021/22). Mr Knight took no part in the decision-making process associated with these contracts.

Mr Greg Munford is a member of the Broads Authority, Navigation Committee and was a member of Audit & risk Committee until 26 July 2022 and is Director of 'Richardsons Leisure Ltd'. Richardsons Leisure Ltd paid £314,460 (£336,681 2021/22) navigation tolls to the Broads Authority in 2022/23.

Mr Simon Sparrow is a member of the Broads Authority and Navigation Committee and is Director of 'Hippersons Boatyard Ltd' and 'HE Hipperson Ltd'. Hippersons Boatyard Ltd paid £5,861 (£5,282 2021/22) navigation tolls to the Broads Authority in 2022/23. The Authority

also made fuel purchases from HE Hipperson Ltd of £1,575 (nil 2021/22) in 2022/23. No amounts were outstanding at 31 March 2023.

Officers

The Chief Executive represents the Broads Authority on the board of the Whitlingham Charitable Trust. Officer remuneration is detailed in note 25.

Other Public Bodies

East Suffolk Council provided Hilary Slater who served as Monitoring Officer to the Broads Authority until 14 May 2021. Christopher Bing, also from East Suffolk Council, started as the Monitoring Officer on the 15 May 2021, but left on the 31 December 2022. East Suffolk Council recharges the Authority for this service and paid £7,288 in 2022/23 (£11,811 in 2021/22). No amounts were outstanding at 31 March 2023 (£365 in 2021/22).

The Authority recharged Broadland District Council for staff time of £4,260 during 2021/22 and no amounts were recharged in 2022/23. No amounts were outstanding at 31 March 2023 (Nil 2021/22).

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £32,662 for legal services in 2022/23 (£31,596 in 2021/22). No amounts were outstanding at 31 March 2023 (£3,083 2021/22).

Norfolk County Council also provides payroll services to the Broads Authority. The Authority paid £5,860 for this in 2022/23 (£11,435 in 2021/22). No amounts were outstanding at 31 March 2023 (Nil 2021/22).

29. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2021/22 £000	Description	2022/23 £000
269	Opening Capital Finance Requirement	191
121	Capital investment: Property, plant and equipment	971
(121)	Sources of finance Sums set aside from revenue: Direct revenue contributions	(971)
(78)	MRP	(64)
191	Closing capital finance requirement	127
(78)	Explanation of movements in year Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(64)
(78)	Increase/(decrease) in capital financing requirement	(64)

30. Leases

Authority as lessee

Finance Leases

The Authority previously held finance leases for vehicles, plant and office equipment acquired under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2021/22 £000	Asset Type	2022/23 £000
0	Other Land and Buildings	0
43	Vehicles, Plant, Furniture and Equipment	0
43	Total	0

The Authority was committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

2021/22 £000	Time periods	2022/23 £000
29	Finance lease liabilities (net present value of minimum lease payments): Current	0
0	Non-current	0
1	Finance costs payable in future years	0
30	Minimum lease payments	0

The minimum lease payments will be payable over the following periods:

Time periods	Minimum lease payments 31 March 2022 £000	Minimum lease payments 31 March 2023 £000	Finance lease liabilities 31 March 2022 £000	Finance lease liabilities 31 March 2023 £000
Not later than one year	30	0	29	0
Later than one year and not later than 5 years	0	0	0	0
Later than 5 years	0	0	0	0
Total	30	0	29	0

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23, no contingent rents were payable by the Authority (2021/22 nil).

Operating Leases

The Authority has also established operating leases in relation to land and buildings with typical lives between 5 and 20 years. The future minimum lease payments due under non-cancellable leases in future years are:

2021/22 £000	Time period	2022/23 £000
103	Not later than one year	158
94	Later than one year and not later than 5 years	544
195	Later than 5 years	181
392	Total	883

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2021/22 £000	Expenditure	2022/23 £000
165	Minimum lease payments	164
165	Total	164

Authority as Lessor

Finance Leases

The Authority has no leased-out property on a finance lease.

Operating Leases

The Authority leases out land and property under operating leases for the following purposes:

- For the provision of community services, such as tourism services; and
- For an outdoor education and study centre.

The future minimum lease payments receivable under non-cancellable operating leases in future years are:

2021/22 £000	Time Period	2022/23 £000
2	Not later than one year	2
6	Later than one year and not later than 5 years	6
0	Later than 5 years	2
8	Total	10

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

31. Termination benefits

The Authority terminated the contract of one employee who was made redundant at the beginning of 2022/23 as part of the Broads Authority's organisational restructuring. In terminating these contracts the Authority incurred liabilities of £3,883, of which nil related to enhanced pension benefits. No additional liabilities relating to termination benefits were incurred during 2022/23 and no provision for any future redundancy payments was established in the year.

32. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Broads Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make future payments and thus these need to be disclosed as a future entitlement. The Authority participates in one pension scheme:

- The Norfolk Pension Fund for civilian employees (the Local Government Pension Scheme), administered locally by Norfolk County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Transactions relating to Post-Employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against tolls and Defra grant is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and via the Movement in Reserves Statement during the year:

2021/22 £000	Transaction	2022/23 £000
1,837 0	Comprehensive Income and Expenditure Statement Cost of services: <ul style="list-style-type: none"> • current service cost • past service cost 	1,825 0
271	Financing and investment income and expenditure <ul style="list-style-type: none"> • net interest expense 	255
2,108	Total post-employment benefits charged to the surplus or deficit on the provision of services	2,080
(2,162)	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement: <ul style="list-style-type: none"> • return on plan assets (excluding the amount included in the net interest expense) 	1,374
(208)	<ul style="list-style-type: none"> • actuarial gains and losses arising on changes in demographic assumptions 	(99)
(3,065)	<ul style="list-style-type: none"> • actuarial gains and losses arising on changes in financial assumptions 	(17,454)
83	<ul style="list-style-type: none"> • other experience 	3,510
(5,352)	Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(12,669)
2,108	Movement in Reserves Statement <ul style="list-style-type: none"> • reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code 	2,080
(809)	Actual amount charged against the General Fund balance for pensions in the year: <ul style="list-style-type: none"> • employers' contributions payable to scheme 	(886)

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plan is as follows:

2021/22 £000	Type	2022/23 £000
(43,379)	Present value of the defined benefit obligation	(32,534)
34,371	Fair value of plan assets	35,001
(9,008)	Net (liability)/asset arising from defined benefit obligation	2,467

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

2021/22 £000	Movements	2022/23 £000
31,452	Opening fair value of scheme assets	34,371
630	Interest income	929
2,162	Remeasurement gain / (loss): <ul style="list-style-type: none"> The return on plan assets, excluding the amount included in the net interest expense 	(1,374)
0	Other Experience	965
809	Contributions from employer	886
241	Contributions from employees into the scheme	265
(923)	Benefits paid	(1,041)
34,371	Closing fair value of scheme assets	35,001

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2021/22 £000	Movements	2022/23 £000
44,513	Balance at 1 April	43,379
1,837	Current service cost	1,825
901	Interest cost	1,184
241	Contributions from scheme participants	265
(208)	Remeasurement (gains) and losses: <ul style="list-style-type: none"> • Actuarial gains / losses from changes in demographic assumptions 	(99)
(3,065)	<ul style="list-style-type: none"> • Actuarial gains / losses arising from changes in financial assumptions 	(17,454)
83	<ul style="list-style-type: none"> • Other 	4,475
0	<ul style="list-style-type: none"> • Past Service Cost 	0
(923)	Benefits paid	(1,041)
43,379	Balance at 31 March	32,534

Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2021/22 £000				Fair value of scheme assets 2022/23 £000		
Quoted prices in active markets	Quoted prices not in active markets	Total	Asset type	Quoted prices in active markets	Quoted prices not in active markets	Total
486.7	-	486.7	Cash and cash equivalents: <ul style="list-style-type: none"> All cash and cash equivalents 	584.4	-	584.4
-	-	-	Equity instruments: <ul style="list-style-type: none"> Consumer Manufacturing Energy and utilities Financial institutions Health and care Information technology Other 	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
347.0	-	347.0	Bonds (Debt securities): <ul style="list-style-type: none"> Corporate bonds (investment grade) Corporate bonds (non-investment grade) UK Government 	300.8	-	300.8
-	2,773.4	2,773.4	Private equity: <ul style="list-style-type: none"> All private equity 	-	3,344.1	3,344.1

Fair value of scheme assets 2021/22 £000				Fair value of scheme assets 2022/23 £000		
-	3,139.0	3,139.0	Property:	-	3,029.0	3,029.0
-	483.8	483.8	• UK property	-	520.2	520.2
			• Overseas property			
14,459.1	-	14,459.1	Other investment funds and unit trusts:	16,645.4	-	16,645.4
9,928.4	-	9,928.4	• Equities	6,751.4	-	6,751.4
-	2,746.0	2,746.0	• Bonds	-	3,931.8	3,931.8
-	-	-	• Infrastructure	-	-	-
			• Other			
-	-	-	Derivatives	-	-	-
7.6	-	7.6	• Other derivatives	(106.1)	-	(106.1)
			• Foreign exchange			
25,228.8	9,142.2	34,371.0	Total	24,175.9	10,825.1	35,001.0

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary have been:

31 March 2022	Assumption	31 March 2023
	Long term expected rate of return on assets in the scheme:	
2.70%	• Equity investments	4.75%
2.70%	• Bonds	4.75%
2.70%	• Property	4.75%
2.70%	• Cash	4.75%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.70 years	• Men	21.5 years
24.10 years	• Women	24.6 years
	Longevity at 65 for future pensioners:	
22.90 years	• Men	22.4 years
26.00 years	• Women	26.1 years
3.20%	Rate of inflation	2.95%
3.90%	Rate of increase in salaries	3.65%
3.20%	Rate of increase in pensions	2.95%
2.70%	Rate for discounting scheme liabilities	4.75%
	Take up of option to convert annual pension into retirement lump sum:	
50.00%	Pre- April 2008 service	45.00%
75.00%	Post- April 2008 service	45.00%

*The expected rates of return are set equal to the discount rate (per the revised version of IAS19).

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions at the end of the reporting period and assumes for each other change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial

basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below are consistent with those adopted in the previous period.

Sensitivity analysis – impact on the defined benefit obligation in the scheme

Change in assumptions at 31 March 2023	Approximate % increase to employer liability	Approximate monetary amount £000
0.1% decrease in real discount rate	2%	585
1-year increase in member life expectancy	4%	1,301
0.1% increase in the salary increase rate	0%	56
0.1% increase in the pension increase rate	2%	538

Techniques used to manage risk

The Pensions Committee of Norfolk County Council considers long term liabilities when setting its investment strategy but does not follow a specific liability matching investment approach having taken appropriate professional advice. The Committee has agreed an asset allocation benchmark, a performance target and various controls on the Fund's investments. These reflect their views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk. The Committee monitors and reviews the performance of investments and the overall strategy on a regular basis, supported by advice from professional advisers as required. A large proportion of the Fund's assets relate to equities (57% of scheme assets) and bonds (20%). These percentages are materially the same as the previous year. The scheme also invests in properties as part of the diversification of the scheme's investments.

Further details of the Fund's investment approach are outlined in the Statement of Investment Principles and Funding Strategy Statement that are published on the Fund's website www.norfolkpensionfund.org.

Impact on the Authority's cash flows

The objectives of the scheme are to keep employers' contributions at a constant rate as possible. The Administering Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation will take place on 31 March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish

new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority anticipates paying contributions of approximately £861,000 to the scheme in 2023/24.

33. Contingent Liabilities

The Authority has identified one material contingent liability:

Postwick Tip

The Authority uses a site "Postwick Tip," which is included in the Authority's Fixed Asset Register, for the treatment of sediment material from dredging operations. This natural treatment process involves the drying of sediment so that mercury content is absorbed. As such there would be no clean-up costs at the end of the site's life. However, if the Authority were to stop using the site, there would be a cost of £33,000 to surrender the license. There is currently no expectation that the Authority will cease using the site. The Authority's use of the site is the subject of a bond / financial provision to the Environment Agency in the amount of £8.9m. This covers the estimated cost of restoration which could arise if there were to be a catastrophic event at the site. Defra are the guarantors for this bond and the Authority would not itself anticipate making any payment under the terms of this agreement.

34. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets

Type	Non-Current Investments 31 March 2022 £000	Non-Current Investments 31 March 2023 £000	Non-Current Debtors 31 March 2022 £000	Non-Current Debtors 31 March 2023 £000	Current Investments 31 March 2022 £000	Current Investments 31 March 2023 £000	Current Debtors 31 March 2022 £000	Current Debtors 31 March 2023 £000	Total 31 March 2022 £000	Total 31 March 2023 £000
Amortised Cost	0	0	0	0	6,156	5,728	550	1,670	6,706	7,398
Total financial assets	0	0	0	0	6,156	5,728	550	1,670	6,706	7,398
Non-financial assets	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	6,156	5,728	550	1,670	6,706	7,398

Financial Liabilities

Type	Non-Current Borrowings 31 March 2022 £000	Non-Current Borrowings 31 March 2023 £000	Non-Current Creditors 31 March 2022 £000	Non-Current Creditors 31 March 2023 £000	Current Borrowings 31 March 2022 £000	Current Borrowings 31 March 2023 £000	Current Creditors 31 March 2022 £000	Current Creditors 31 March 2023 £000	Total 31 March 2022 £000	Total 31 March 2023 £000
Amortised Cost	130	94	0	0	64	35	1,988	2,071	2,182	2,200
Total financial liabilities	130	94	0	0	64	35	1,988	2,071	2,182	2,200
Non-financial liabilities	0	0	0	0	0	0	0	0	0	0
Total	130	94	0	0	64	35	1,988	2,071	2,182	2,200

Income, Expense Gains and Losses

Interest Type	Surplus or Deficit on the Provision of Services 2021/22 £000	Other Comprehensive Income and Expenditure 2021/22 £000	Total 2021/22 £000	Surplus or Deficit on the Provision of Services 2022/23 £000	Other Comprehensive Income and Expenditure 2022/23 £000	Total 2022/23 £000
Interest Expense	29	0	29	55	0	55

Interest Type	Surplus or Deficit on the Provision of Services 2021/22 £000	Other Comprehensive Income and Expenditure 2021/22 £000	Total 2021/22 £000	Surplus or Deficit on the Provision of Services 2022/23 £000	Other Comprehensive Income and Expenditure 2022/23 £000	Total 2022/23 £000
Interest Income	(22)	0	(22)	(117)	0	(117)

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. These valuations are all classified as Level 2, where market prices are not available, with valuation techniques using inputs based significantly on observable market data. The following assumptions should be noted:

- Fixed interest rate of 4.82% over the 20-year PWLB loan;
- Fixed interest rate of 2% over the 5-year PWLB loan;
- No early repayment or impairment is recognised; and
- The fair value of trade and other receivables is taken to be invoices or billed amount.

The fair values calculated are as follows:

Financial Liabilities held at amortised cost:	31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000	31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000
PWLB	165	175	129	131
Finance Leases	29	29	0	0
Short Term Creditors	1,988	1,988	2,071	2,071
Total	2,182	2,192	2,200	2,202

The fair value of borrowings is higher than the carrying amount because the authority's PWLB loan is at a fixed interest rate where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions as at 31 March 2023) arising from a commitment to pay interest to lenders above the current market rate. Refinancing the loan at lower interest rates would outweigh the early repayment fee.

Financial assets held at amortised cost:	31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000	31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000
Fixed term investments	5,006	5,006	5,028	5,028
Cash at banks	1,150	1,150	700	700
Short Term debtors	550	550	1,670	1,670
Total	6,706	6,706	7,398	7,398

Short term debtors and creditors are carried at cost as this is fair approximation of their value.

35. Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

Credit Risk: The possibility that other parties might fail to pay amounts due to the Authority.

Liquidity Risk: The possibility that the Authority might not have funds available to meet its commitments to make payments.

Market Risk The possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market investments.

Foreign Exchange Risk: The possibility that financial loss might arise for the Authority as a result of changes in the exchange rate (GBP and Euro).

The Broads Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers. Deposits are only made in line with the Treasury Management Strategy which requires that deposits are not made with banks and financial institutions unless they are highly rated. Therefore, the Broads Authority does not consider there to be any quantifiable risk in relation to investments.

The Authority's standard terms and conditions for payment of invoices are 30 days from invoice date. The Authority does not allow credit for customers. At 31 March 2023, a large amount of invoices were overdue as at 31 March 2023 (DEFRA £467k and Natural England £184k). The majority of this income was received in early 2023/24 and no bad debt provision is required.

Liquidity Risk

A one-year funding agreement from DEFRA means the Broads Authority has some certainty over 2023/24. Longer term uncertainty still remains and future changes in government brings further uncertainty whether future multi-year funding will be available. Given the significant cash balances there is no significant risk that it will be unable to meet its commitments under financial instruments. All financial liabilities are due to be repaid within one to five years with the exception of the 20-year PWLB loan. Therefore, there is no risk of having to borrow at unfavourable rates in future to replenish borrowings.

Market Risk

With the exception of the PWLB loan, the Broads Authority is debt free. Excess cash is invested at variable or fixed money market rates depending on forecasts for interest rates under the period of review.

Foreign Exchange Risk

The Authority's Annual Investment and Capital Financing Strategy for 2023/24 states that if the Authority enters into any contractual arrangements above £100,000 which involve foreign currency, the advice of the Director of Finance will be sought on the advisability of hedging the exchange risk before entering into the contract.

36. Navigation Income and Expenditure Account

2021/22 Gross expenditure £000	2021/22 Income £000	2021/22 Net expenditure/ (income) £000	Description	2022/23 Gross expenditure £000	2022/23 Income £000	2022/23 Net expenditure/ (income) £000
2,764	(26)	2,738	Operations	2,996	(21)	2,975
645	(204)	441	Strategic Services	614	(104)	510
781	(14)	767	Finance & Support Services	832	(13)	819
51	0	51	Corporate Items	54	0	54
0	(3,703)	(3,703)	Navigation Income (Tolls)	0	(3,811)	(3,811)
4,241	(3,947)	294	Cost of services (subtotal)	4,496	(3,949)	547
		0	(Gains)/Losses on the disposal of non-current assets			(9)
		144	Financing and investment income and expenditure			95
		0	Donated Asset			0
		438	(Surplus) or deficit on provision of services (subtotal)			633
		(228)	(Surplus) or deficit on revaluation of fixed assets			(53)
		(2,456)	Actuarial (gains)/losses on pension assets/liabilities			(5,853)
		(2,684)	Other comprehensive income and expenditure (subtotal)			(5,906)
		(2,246)	Total comprehensive income and expenditure			(5,273)

Glossary of Terms

Accounting period

The period of time covered by the accounts, a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting policies

The basis on which an organisation's financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.

Accruals

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

Actuarial gains and losses

These may arise on both defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated). A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).

Amortisation

The measure of the wearing out, consumption, or other reduction in the useful economic life of an intangible long-term asset.

Amortised cost

This is cost that has been adjusted for amortisation.

Asset

An item owned by the Authority which has a value, for example, premises, vehicles, equipment, cash.

Budget

The statement of the Authority's policy expressed in financial terms usually for the current or forthcoming financial year. The Revenue Budget covers running expenses (see also: revenue income and expenditure), and the Capital Budget plans for asset acquisitions and replacements (see also: capital income and expenditure).

Capital income and expenditure

Expenditure on the acquisition of a long-term asset, which lasts normally for more than one year, or expenditure which adds to the life or value of an existing long-term asset.

Capital financing

Funds raised to pay for capital expenditure. There are various methods of financing capital

expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Cash equivalents

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment purposes.

Chartered institute of public finance and accountancy (CIPFA)

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional accountancy institute that sets the standards for the public sector. CIPFA publishes the Accounting Codes of Practice for local government.

Code of practice on local authority accounting (the Code)

Based on International Financial Reporting Standards, the Code aims to achieve consistent financial reporting between all English local authorities and National Park Authorities. It is based on generally accepted accounting standards and practices.

Community assets

Community assets are assets that the Authority intends to hold for an unlimited period of time, have no determinable finite useful life and may have restrictions on their disposal.

Contingent liabilities

Potential costs that the Authority may incur in the future because of something that happened in the past.

Creditors

Amounts owed by the Authority for goods and services provided for which payment has not been made at the end of the financial year.

Current value

This is the cost of an asset if bought in the current year.

Debtors

Sums of money due to the Authority but not received at the end of the financial year.

Deficit

Arises when expenditure exceeds income or when expenditure exceeds available budget.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a long-term asset.

Expected return on pension assets

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair value

The price at which the Authority could buy or sell an asset in a transaction with another organisation, less any grants received towards buying or using that asset.

Financial asset

A right to future economic benefits.

Financial instrument

Any contract that gives rise to a financial asset in one organisation and a financial liability in another.

Financial liability

An obligation to transfer economic benefits.

Finance lease

A lease which transfers all of the risks and rewards of ownership of a long-term asset to the lessee. Where these leases are entered into, the assets acquired have to be included with the Authority's long-term assets in the balance sheet at the market value of the asset involved (see also: operating lease).

Long term assets

Assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Government grants

Grants paid by the Government. These can be for general expenditure or a particular service or initiative.

Historic cost

The cost of an asset when originally bought.

IAS19 retirement benefits

An International Financial Reporting Standard which requires local authorities to reflect the true value of the assets and liabilities relating to the Pension Fund in their financial statements.

Impairment

A reduction in the value of a long-term asset to below its carrying amount in the Balance Sheet. Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (fire at a building) or a deterioration in the quality of the service provided by the asset, or by a general fall in prices of that particular asset or type of asset.

Infrastructure assets

Long term assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible assets

Intangible assets are non-financial long-term assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights.

International financial reporting standards (ifrs)

International Financial Reporting Standards (IFRS) are issued by the International Accounting Standards Board. All local authorities apply international accounting regulations when preparing accounts. The Authority's accounts follow these standards where they apply to local authorities.

Investment properties

Assets that the Authority owns but which are not used in the direct delivery of services.

Liability

An obligation to transfer economic benefits. Current liabilities are usually payable within one year.

Market price

This is the price at which another organisation is prepared to buy or sell an asset.

Minimum revenue provision (mrp)

The minimum sum charged to the Authority's revenue account each year to provide for the repayment of loans.

Net book value

The amount at which long term assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

Non-distributed costs

These are specific overheads relating to unused assets and certain pension costs for employees' service in previous years. These are not allocated to service departments because they do not relate to the in-year cost of providing the service.

Operating lease

A lease whereby the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service. The assets involved are not included within the Authority's long-term assets in the balance sheet (see also: finance lease).

Outturn

The actual amount spent in the financial year.

Pension fund

A fund which makes pension payments on retirement of its participants.

Provision

An amount set aside to provide for a liability, which is likely to be incurred, but where the exact amount and the date on which it will arise are uncertain.

Reserves

An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

Revenue income and expenditure

Expenditure which relates to day to day expenses, such as salaries and wages, general running expenses and the minimum revenue provision. Revenue income includes charges made for goods and services.

Surplus

Arises when income exceeds expenditure or when expenditure is less than available budget.

Value added tax (vat)

A tax on consumer expenditure, collected on business transactions at each stage in the supply, but ultimately borne by the final customer.

Variance / variation

A difference between budgeted income or expenditure and actual outturn, also referred to as an 'over-' or 'underspend'.

Audit and Risk Committee

25 July 2023

Agenda item number 7

Investment Strategy and Performance annual report 2022/23

Report by Director of Finance

Summary

This report sets out details of the Authority's investment of its unallocated cash, including the investment principles adopted and performance during the twelve months to 31 March 2023.

Recommendation

To note the arrangements regarding the investment of the Authority's unallocated cash.

1. Introduction

- 1.1. It has been agreed that a six-monthly report on the performance of the Authority's investments will be presented to the Audit and Risk Committee, with a fuller 'year end analysis' at the July meeting, and a mid-year progress report at the appropriate half year meeting.

2. Investment Principles and Performance

- 2.1. The investment of unallocated cash was governed by the Authority's Treasury and Investment Strategy 2022/23 agreed by the Authority on 18 March 2022.
- 2.2. Unallocated cash sums are calculated by the Authority's Finance staff and transferred to either a Fixed Term Deposit or Notice Account or remain within the instant access bank account. Cash flow requirements can result in transfers in both directions as the year progresses. The key facts for the year to 31 March 2023 are below.

Table 1

2022/23 Summary

Account type	Opening balance £000's	Closing balance £000's	Highest sum £000's	Lowest sum £000's
Instant Access	1,244	1,097	2,702	70
32 Day Notice	503	513	513	503

Account type	Opening balance £000's	Closing balance £000's	Highest sum £000's	Lowest sum £000's
95 Day Notice Account	4,500	2,500	4,500	2,500
DMO Fixed Deposits ¹	0	2,000	2,000	0

2.3. The figures for the previous year (2021/22) were:

Table 2
2021/22 Summary

Account type	Opening balance £000's	Closing balance £000's	Highest sum £000's	Lowest sum £000's
Instant Access	2,509	1,244	3,253	587
32 Day Notice Account	503	503	503	503
95 Day Notice Account	2,500	4,500	4,500	2,500

- 2.4. The amount of interest received during 2022/23 was £117,140.62 based on interest rates ranging from 0.2% to 4.3%. Forecast interest for 2022/23 was £105,000. The sum received for 2021/22 was £11,522.31 based on interest rates that ranged from 0.01% to 0.8%.
- 2.5. The initial investment on the 32-day notice account has remained the same since 31 March 2022 apart from small amounts of interest being added. The instant access has increased to £1.097 million, and the 95-day notice decreased by £2.5 million due to funds being invested with the Debt Management Office (DMO).
- 2.6. It should be noted that the automatic transfer between the instant access and the current account seeks to maintain a current account balance of £1,000. This means that the balance within the instant access is not available in its entirety for investment. Cash flow is monitored on a weekly basis against budget profiling to ensure access to sufficient funds. The possibility to make additional fixed term deposits are limited due to the timing differences between external funded projects grant expenditure and claim repayment.

¹ Investments can be made over night or up to 6 months. The year end balance is equally split and invested for 33 and 181 days.

2.7. The interest income budget for 2023/24 is £125,000, which assumes that interest received would be broadly in line with that received in 2022/23. Since the start of the new financial year interest rates have increased due to the increase in base rate. Current interest rates for 2023/24 means that £27,000 has already been received and the forecast will be revisited over the coming year.

Author: Emma Krelle

Date of report: 22 June 2023

Background papers: Capital, Treasury, and Investment Strategy 2022/23

[Broads Plan](#) strategic objectives: All

Audit and Risk Committee

25 July 2023

Agenda item number 8

Financial Management Code

Report by Director of Finance

Summary

To provide a review of the Authority's assessment with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Financial Management Code.

Recommendation

To note progress and comment on the revised action plan.

1. Introduction

- 1.1. In July 2021 this committee received a report [Financial Management Code \(broads-authority.gov.uk\)](https://broads-authority.gov.uk) on the introduction of the CIPFA Financial Management Code. The report provided an assessment against the seventeen standards for 2021/22 and an action plan for improvements.
- 1.2. The initial assessment concluded that the Authority's governance and financial processes and controls met the requirements of the Code. It was envisaged that the actions would be monitored and reviewed on an annual basis and reviewed by audit.

2. Progress

- 2.1. This report provides an update on progress against those actions identified in the original action plan. Generally good progress has been made with 14 of the original 26 actions completed, with two not due yet. Progress is set out in appendix 1.
- 2.2. At the same time as reviewing the Action Plan Management Team has also reviewed and updated the initial assessment against the full standards, and this can be found at appendix 2.
- 2.3. Whilst a number of the original actions have been completed these should not be seen as a single task and will continue to be actioned within each financial year and reviewed to ensure they remain appropriate. For example, the use of external surveys (A1, C3, L) will be reviewed as part of the annual budget setting. Pipeline projects (G) will continue to be developed as future funding opportunities arise. Actions around the budgeting process will continue as good practice (E, J, K, N, O and Q).

3. Conclusion

- 3.1. As stated above it was anticipated that the Authority's assessment would be reviewed by audit, but to date this has not happened. When the Code was introduced, it was designed as a one size fits all however it recognised that arrangements between different authorities would mean that proportionality would be required. Members comments on the assessment and actions are welcome as well as the frequency in which it should be reviewed.

Author: Emma Krelle

Date of report: 10 July 2023

Background papers: CIPFA Financial Management Code and Guidance Notes

[Broads Plan](#) strategic objectives: All

Appendix 1 – Review of Action Plan for improvements

Appendix 2 – CIPFA Financial Management Standards Full Assessment

Appendix 1 – Review of Action Plan for improvements

Table 1

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
A	Assess the Value For Money (VFM) of another Stakeholder survey.	MT	31/01/2022 Completed. In addition to the stakeholder survey review previous report in April 2001 about the future of the Hire Boat Industry	MT discussed on 17 January 2022, when it was agreed that the cost of the Stakeholder Survey and capacity of staff meant it would be difficult to carry out the survey in 2022. MT will consult members in the Autumn 2023 as part of the tolls review when considering the budget for 2024/25.
A	KPI's are being discussed at a National level by the ten English National Parks.	DEFRA/NPE	31/03/2021 Updated to awaiting further guidance from DEFRA.	Defra is setting national targets for all protected landscapes. The targets will align with new Management Plan guidance. We are awaiting information from Defra.
B	Review of Finance Team structure including Finance systems. Review to include resilience around Chief Financial Officer (CFO) as currently no qualified deputy.	CFO (Director of Finance)	31/08/2021 Partially complete, updated to 2024/25 for Finance system.	Senior Accountant started 23/05/22 and study support being provided to complete qualifications in order to provide deputy cover to Director of Finance. AAT study support is also being provided to Senior Finance Assistant to increase team resilience. Senior Accountant manages day to day Finance activities. Options for new system alongside tolls system will be considered if appropriate. If no

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
				change to system, then migration to new cloud version scheduled for early 2025.
C	Employee code of conduct to be updated to make reference to 7 principles in the introduction.	Head of HR	31/12/2021 Completed	Employee code of conduct updated March 2023.
C	To set up a Management Team (MT) register of interests.	Head of Governance	31/12/2021 Completed	The new code of conduct has a section on conflicts of interest, setting out the process to record these. Details are now disclosed to the Head of HR.
C	Best Companies survey to be completed.	Head of HR	31/03/2022 2021/22 survey completed 2023/24 scheduled for Autumn.	Last survey conducted 21/22 with next survey due 23/24. Results from 21/22 communicated to staff in September 2022, with the list of actions and activities which have been introduced in response to the survey findings.
E	As part of the update of the tolls on-line system review planned for next year any changes will need to take account of the different needs of boat owners.	Collector of Tolls	Initial scoping by 31/03/2022 Update to 31/03/2024 for initial market engagement on how to progress internal and external system development.	Paper to Navigation committee 08/06/23 looking at payment methods for future users. Toll system continues to be a strategic priority for 2023/24.

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
E	MT to receive a report on savings >£10k where, individually or cumulatively, where forecast savings are made.	CFO (Director of Finance)	Monthly from 01/08/2021 Updated to monthly from 01/08/2023.	Not done. However, savings incorporated into 23/24 budget which was set by MT, instead of reviewing requests from budget holders.
E	All budget holders to have an annual objective linked to their budget management.	All line managers	30/06/2021 Completed.	This is in place, with a financial management objective for key budget holders.
F	The last review of property and buildings by the property consultants was conducted in 2016/17 to help determine contributions to the earmarked reserves. This exercise should be completed every 10 years, with the next to be scheduled for 2026/27.	Asset Officer	31/08/2027	Not due yet.
G	Look at external funding and pipeline of future projects where external	MT	31/01/2022 Completed.	Capital funding secured in 22/23 and continuation of Peat work through PEF and restoration bid. Working with Philanthropy

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
	funding would be relevant.			Co on other areas. Looking to recruit a manager to manage external funding.
H	COVID-19 has presented potential new opportunities for agile working. Post COVID working arrangement will be reviewed during 2021.	MT	30/09/2021. Completed.	Decision made to decrease head office footprint. Negotiations ongoing with landlord.
I	Asset strategy puts the responsibility for planning future replacements onto certain members of staff. Longer term planning to be incorporated into 2021/22 budget.	Head of Construction, Maintenance and Ecology (CME)	31/08/2021 Review scheduled to be completed by 31/08/2023.	Purchase of assets with DEFRA funding in 22/23 means that future priorities need to be reassessed prior to 24/25 budget setting.
I	See F about suggestion of refreshing property maintenance liability.	Asset Officer	31/08/2027	Not due yet.
J	CFO to review potential Monitoring Officer (MO) involvement with the other English National Parks and East Suffolk Council (ESC).	CFO (Director of Finance)	13/01/2022 Completed.	Change of MO has removed ESC involvement. 23/24 budget reporting process had input from MO.

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
J	MT to consider draft strategic priorities for following year over the summer, to be considered by the Authority in January and comment in budget report.	MT	31/08/2021 Completed.	This was in place in preparation for the July 2022 report to members. Report to Broads Authority on suggested 24/25 priorities as part of strategic priorities scheduled for 28/07/23.
K	Where reserves are being used to balance the budget, we should include a statement of what alternatives have been considered and how the longer-term impact of the revenue shortfall is being addressed.	CFO (Director of Finance)	13/01/2022 Completed.	Budget and Navigation charges paper outlined what steps had been taken to balance expenditure and raise income since 22/23 budget.
K	Budget report to make clear that all staff posts are 100% filled for the financial year and that vacancies creates savings. All posts are considered when a vacancy arises and if there should be a replacement.	CFO (Director of Finance)	13/01/2022 Completed.	Included in budget papers since 22/23 budget.

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
K	COVID-19 has meant that level of reserves may not be sufficient for a future pandemic. A review of the recommended levels will be conducted in 2021/22 (see F).	CFO (Director of Finance)	31/08/2021 Completed, although this will be reviewed in future years where needed.	Review completed 08/12/22 and levels remain unchanged. Sensitivity analysis on key budget areas included in budget papers.
L	MT to review last stakeholder survey to determine the cost/benefit for a new stakeholder survey (see A).	MT	31/01/2022 Completed. In addition to the stakeholder survey review previous report in April 2001 about the future of the Hire Boat Industry.	See A.
M	CFO to review IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (2013) in conjunction with CIPFA's own guide to undertaking an option appraisal: Option Appraisal: A Practical Guide for Public Service Organisations	CFO (Director of Finance)	08/03/2022 Updated to 12/03/2024	Guidance has not been reviewed as yet.

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
	(2017 Edition). Review will indicate whether we need to develop own appraisal methodology and mechanisms to address uncertainty. Appraisal options mainly use Net Present Value but also need to take into consideration economic, cost-benefit, multi-criteria and impact assessments.			
N	External funded partnership projects (CANAPE/HLF) to provide 6 monthly updates to MT and determine format for updates to members and regularity.	Project Managers	July and January each year of project. Completed.	Updates provided to board every six months. Members annual site visit has taken members to project sites.
N	Working on producing reports quicker, however, may require different resource (see B above on restructure and system).	CFO (Director of Finance)	31/08/2021 Updated to 2024/25.	Although new post in place monthly reporting timescales remain roughly the same. Options for new system alongside tolls system will be considered if appropriate. If no change to system, then migration to new cloud version scheduled for early 2025.

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale	Progress
N	Already agreed above that adjustments in forecast above £10k will come to MT (see E).	CFO (Director of Finance)	Monthly from 01/08/2021 Updated to monthly from 01/08/2023.	See E.
O	Future review of Fixed Assets, de-minimis level and depreciation policies to be considered by Audit and Risk Committee and adopted by the Authority.	CFO (Director of Finance)	08/03/2022. Completed.	Estimation of economic useful lives updated to reflect equipment long term use in Navigation environments. Depreciation is now in line with Port of London & CRT. As this what not a change in policy, rather an estimation technique this has been implemented without the need for ARC approval. De-minimis levels have not changed to comply with external funding rules around capital expenditure.
Q	Refresher training for budget holders to be provided in 2021 to remind budget holders the importance of the reviews and responding in a timely manner to help support future strategic decisions.	CFO (Director of Finance)	31/08/2021. Updated to Summer 2023.	Procurement training delivered 04/11/22 with Senior Accountant to deliver general budget holder refresher training over the summer 2023.

Appendix 2 - CIPFA Financial Management Standards Full Assessment

Table 1

The Responsibilities of the Chief Financial Officer and Leadership Team

Standard	Code Guidance	What we do	What we can improve
<p>A. The leadership team is able to demonstrate that the services provided by the authority provide value for money.</p> <p>VFM can be a subjective concept and has four ‘pillars’ known as the four ‘Es’.</p> <p>Economy ‘Spending less’. Economy is a measure of the resources that the authority puts into the delivery of a given activity or service.</p> <p>To be economical, the authority should procure these inputs at the lowest possible cost, subject to maintaining appropriate standards of quality.</p> <p>For example, an economical highways development scheme will procure the necessary resources (labour, materials, plant hire, etc) at the lowest possible unit cost.</p> <p>Efficiency ‘Spending well’. Efficiency is about how well the authority translates these inputs into the outputs of an activity or a service.</p> <p>To be efficient, the authority should use the minimum possible level of inputs to produce each output, again subject to maintaining appropriate standards of quality.</p> <p>For example, an efficient highways development scheme will minimise the volume of resources required to construct each mile of road, e.g., through proactive scheduling and minimisation of waste.</p> <p>Effectiveness ‘Spending wisely’. Effectiveness considers the extent to which the outputs that the authority has generated lead to the outcomes that it wants to achieve.</p>	<p>CIPFA key questions:</p> <p>Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?</p> <p>Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?</p> <p>Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?</p> <p>From the guidance note we need to consider:</p> <ul style="list-style-type: none"> the way in which the authority’s leadership team is able to demonstrate that its services provide value for money. 	<p>The Authority has a clear governance structure, as outlined in the Annual Governance Statement (AGS). This and the Code of Corporate Governance are reviewed annually.</p> <p>Internal audit (externally provided) undertakes an annual risk-based approach to the service audits undertaken in addition to Key Controls and Corporate Governance. External Audit issue a Value For Money (VFM) conclusion annually in the Statement of Accounts (SoA).</p> <p>The delivery of the strategic priorities are supported by the Broads Plan (BP), Annual Business Plan and Financial Strategy. All of these are approved by the Broads Authority. Regular updates on the finances and progress against the BP are provided to committee.</p> <p>The Authority complies with the transparency regulations and details of expenditure over £250 can be viewed by the public on the website.</p> <p>Each Directorate has workplans that set out how this is to be delivered. These plans are supported by the annual budget.</p> <p>The Authority has Financial Regulations, Standing Orders Relating to Contracts, Procurement Strategy that support the principle of VFM. The sustainable/environmental impact is also taken into consideration.</p> <p>The Authority has a Corporate Risk Register and Directorate registers which identify mitigating actions and responsible officers. These are reviewed on a six-monthly basis. All reports to committee ask the Author</p>	<p>Assess the VFM of another Stakeholder survey.</p> <p>Assess how to implement the new KPIs which are developed by Defra (once the information is available).</p>

Standard	Code Guidance	What we do	What we can improve
<p>To be effective, the authority's actions should have the desired positive impact on people's lives, such as greater opportunity, improved skills or changed behaviours.</p> <p>For example, an effective highways development scheme will have a clear rationale for the road under construction and will construct the right road, in the right place and at the right time.</p> <p>Equity 'Spending fairly'. Equity is about the extent to which the outcomes generated by the authority have been made accessible to all those who could benefit from them.</p> <p>To be equitable, the authority should ensure that it takes account of the ability of different individuals and groups to access its services and that it makes arrangements to ensure that these services are accessible to all who could benefit from them.</p> <p>For example, an equitable highways development scheme would be accessible to all forms of traffic – including pedestrians and cyclists – and might also feature suitable pedestrian crossing points (with facilities for visually-impaired pedestrians and wheelchair users) and appropriate street furniture.</p>		<p>to consider the risk implications. New risks can be added at any time.</p> <p>The Authority took part in a peer review in May 2018. There has been some benchmarking activities with other National Parks in specific areas such as back-office costs in January 2017.</p> <p>Contract management arrangements: The authority has in place specific arrangements regarding the management of contracts with third-party suppliers, to ensure that the goods or services to which the contract applies are delivered as agreed. Contract management arrangements are proportional to the value and significance of the contract.</p> <p>Accessibility to sites and websites has been considered.</p> <p>Impact assessments on key policy decisions are carried out.</p>	
<p>B. The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016).</p>	<p>CIPFA Key questions:</p> <p>Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?</p> <p>Does the CFO lead and champion the promotion and delivery of good financial management across the authority?</p> <p>Is the CFO suitably qualified and experienced?</p> <p>Is the finance team suitably resourced and fit for purpose?</p>	<p>The Director of Finance (previously CFO) is a member of MT and attends Broads Authority, Navigation and Audit and Risk committees on a regular basis.</p> <p>The Senior Accountant attends monthly section heads meetings to discuss budget variances and any new areas that require financing. Issues are reported to the DoF. Training is provided to all new budget holders.</p> <p>The DoF manages Finance, Asset Officer and the Head of ICT/Tolls who are responsible for securing the Authority's income, recording of expenditure and asset management.</p>	<p>Review Finance systems</p>

Standard	Code Guidance	What we do	What we can improve
	<p>Compliance with the FM Code requires that each of these principles is demonstrated reliably and consistently across the authority.</p> <ul style="list-style-type: none"> • Principle 1: The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest. • Principle 2: The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered and aligned with the authority’s overall financial strategy. • Principle 3: The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. • Principle 4: The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose. • Principle 5: The CFO in a local authority must be professionally qualified and suitably experienced. 	<p>DoF Job Description was created to follow CIPFAs guidelines for CFO’s. This is acknowledged in the AGS. The DoF’s line management was moved from Director of Planning to CEO and Asset Officer reports to DoF.</p> <p>Inputs to key decisions and reports to the board.</p> <p>Since the last assessment the Finance Team has been strengthened through the introduction of the new role the Senior Accountant. Training to support posts via AAT and ACCA is in place to provide resilience.</p>	

Table 2

Governance and financial management style

Standard	Code Guidance	What we do	What we can improve
<p>C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p> <p>The seven Nolan principles are Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> • Does the leadership team espouse the Nolan principles? • Does the authority have in place a clear framework for governance and internal control? • Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability? • Does the leadership team espouse high standards of governance and internal control? • Does the leadership team nurture a culture of effective governance and robust internal control across the authority? 	<p>Where a planning application comes from within the authority it must go to Planning Committee for decision making.</p> <p>The Authority’s core values reflect the Nolan principles and are adopted by all staff.</p> <p>Gifts register is maintained as per the employee code of conduct, section Gifts and Hospitality.</p> <p>Members code of conduct set outs Nolan Principles and behaviours expected by members.</p> <p>MT has been through the process of reviewing all constitution documents to ensure they are up to date and fit for purpose. Documents reviewed include Scheme of Powers delegated to officers including CEO, terms of reference for committees, guidance on Local Authority appointees/outside bodies, code of conduct and complaints, standing orders for the regulation of Authority proceedings, social media policy, guidance on public question time and scheme of operation. These documents are under continuous review to ensure they remain relevant and up to date with input from the MO and deputy MO.</p> <p>All committees produce agendas and minutes. Declaration of interests are asked in relation to specific agenda items in addition to the annual register held. Members can ask for specific items to be discussed in advance and have an opportunity to ask questions/clarification.</p> <p>Partnerships are monitored through the partnership register. However, it should be noted that the Authority does not have partners who deliver any of the Authority’s services via an outsourcing arrangement.</p> <p>Internal audit undertakes an annual programme of service reviews, considering new risks, emerging issues</p>	<p>Best Companies survey to be completed by the end of 2023/24.</p>

Standard	Code Guidance	What we do	What we can improve
		<p>and any other changes. This always includes an annual review of Key Controls and Corporate Governance as this helps determine the adequacy and effectiveness of the Authority's framework of governance, risk management and control, which informs the Head of Internal Audit (HoIA) Annual Opinion.</p> <p>Audit and Risk terms of reference reflect CIPFA's latest guidance.</p> <p>Where recommendations are made (by internal or external audit) these are followed up and implemented promptly.</p> <p>MT is consulted on all new policies/strategies and provides constructive challenge.</p> <p>Decision making is based on a thorough review of the current situation and available resources. Professional advice is gained where appropriate. Option appraisal is used for significant capital developments.</p> <p>MT strives for continuous improvement by complying with new codes of practice when they are issued.</p> <p>Best companies index participation.</p>	
<p>D. The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).</p> <p>The seven core principles of the framework are:</p> <ul style="list-style-type: none"> • Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. • Ensuring openness and comprehensive stakeholder engagement. • Defining outcomes in terms of sustainable economic, social and environmental benefits. 	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> • Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements? • Does the authority have in place a suitable local code of governance? • Does the authority have a robust assurance process to support its AGS? 	<p>The AGS is guided by the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework and has been since its introduction in 2016.</p> <p>The AGS is supported by the Code of Corporate Governance which was last reviewed in May 2023.</p> <p>The AGS is reviewed by internal and external audit. The HoIA annual opinion forms part of the AGS. The Internal Audit service is Public Sector Internal Audit Standards (PSIAS) compliant.</p>	

Standard	Code Guidance	What we do	What we can improve
<ul style="list-style-type: none"> • Determining the interventions necessary to optimise the achievement of the intended outcomes. • Developing the entity’s capacity, including the capability of its leadership and the individuals within it. • Managing risks and performance through robust internal control and strong public financial management. • Implementing good practices in transparency, reporting, and audit to deliver effective accountability. 			
<p>E. The financial management style of the authority supports financial sustainability.</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> • Does the authority have in place an effective framework of financial accountability? • Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services? • Does the authority’s finance team have appropriate input into the development of strategic and operational plans? • Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so? • Has the authority sought an external view on its financial style, for example through a process of peer review? • Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities? 	<p>Budget holders are clearly assigned (Authorised signature list) levels of approval in relation to expenditure (<£5k or >£5k) within their annual budgets. All new budget holders are provided induction training and refresher training is provided periodically, with Procurement to be rolled out shortly. Instructions are available on the intranet to help monitor individual budgets.</p> <p>Monthly reporting requires budget holders to provide details of variances +/-£5k within their budgets. Budget holder also provide updates to the forecast so that increased income or expenditure savings are reflected throughout the year and are reported to members.</p> <p>Finance undertakes an annual review of procurement where expenditure has exceeded £5k to see if contracts can be set up to secure better rates. This is reviewed by MT.</p> <p>Where plans are discussed at MT or Section Heads finance has appropriate input into strategic and operational plans.</p> <p>Members receive code of conduct training upon appointment and an induction to the Authority to help</p>	<p>As part of the new tolls system any changes will need to be equitable for all.</p> <p>MT to receive a report on savings >£10k where individually or cumulatively where forecast savings are made.</p> <p>All budget holders to have an IPR objective linked to their budget management.</p>

Standard	Code Guidance	What we do	What we can improve
		<p>understand both the governance and finance arrangements in the Authority.</p> <p>Scheme of delegated powers (see C for update), JD's sets out required skills and IPR's identify training needs.</p> <p>The Authority sits on the hierarchy of Financial Management Styles (page 43) at delivering accountability with some supporting performance when required.</p>	

Table 3
Medium to long-term financial management

Standard	Code Guidance	What we do	What we can improve
F. The authority has carried out a credible and transparent financial resilience assessment	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> • Has the authority undertaken a financial resilience assessment? • Has the assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios? • Has the authority taken appropriate action to address any risks identified as part of the assessment? 	<p>The budget process looks at the financial resilience of the Authority. It incorporates future projects, key risks and assumptions (in particular around toll increases/boat numbers, NPG and pay). This is broken down to budget holder level and is split between income and expenditure. Budget holders receive monthly links to the monitor which measures actual against, LAB and forecast.</p> <p>As part of the tolls working group the annual pattern of boat numbers is reviewed to determine on going future trends.</p> <p>The Authority is not demonstrating any symptoms of financial stress, these include: running down reserves, failure to address financial pressures, shortened planning horizons, lack of investment in infrastructure resources, gaps in savings plans and unplanned overspends.</p> <p>The use of reserves (including earmarked) is part of the budget and are highlighted to members. They are not considered a sign of financial stress but part of a strategy to rebalance income and expenditure over the life of the strategy. Earmarked reserves help with the smoothing of capital purchases as the replacement programmes are not even throughout the strategy.</p>	<p>The last review of property and buildings by the property consultants was conducted in 2016/17 to help determine contributions to the earmarked reserves. This exercise should be completed every 10 years, with the next to be scheduled for 2026/27.</p>

Standard	Code Guidance	What we do	What we can improve
		<p>The Capital, Treasury and Investment and Asset Management Strategy look at the longer-term planning horizons for replacement of capital items. This is then linked to the Medium-Term Financial Plan.</p> <p>MT review the Fixed Asset Register once a year. Property consultants have previously costed repairs over the short to long term which has resulted in regular contributions being made to the earmarked reserves.</p> <p>The Authority's overall assessment is compared through the NPA family indicators. These are reviewed annually by MT.</p>	
<p>G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> • Does the authority have a sufficiently robust understanding of the risks to its financial sustainability? • Does the authority have a strategic plan and long-term financial strategy that adequately address these risks? • Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g., using a technique such as scenario planning)? • Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making? 	<p>Key assumptions are set out in the budget papers. Whilst a 3-year rolling strategy is published it is part of a 5 year forward look. Staffing remains the largest part of the Authority's budget (73% for 23/24). The pension deficit contribution (based on the latest actuary triennial valuation) is also incorporated with projected increases for both pay and contributions. Whilst there is a 20-year plan by the fund to reduce the deficit the liability remains the largest in the Authority's balance sheet.</p> <p>During 2020/21 the Authority faced the significant risk to reduced tolls income because of the pandemic. Expenditure was reviewed and reprioritised to match forecast levels of income whilst maintaining service levels.</p> <p>The review of the reserve balances during 2022/23 indicated the Authority's levels remained appropriate and in line with other National Parks. Broadland Futures Initiative (BFI) is a partnership with the EA focusing on the long-term risks of climate change, including adaptation. This is a key risk that will impact the Authority in future years.</p> <p>The Corporate and Directorate risk registers identify risks and are classified as people, reputation, assets, finance and performance.</p>	<p>Look at external funding and pipeline of projects where external funding would be relevant.</p>

Standard	Code Guidance	What we do	What we can improve
		<p>The Capital, Treasury and Investment strategy sets out the requirement for prudence, especially in terms of the Prudential Code and the authority's borrowing arrangements.</p>	
<p>H. The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities</p>	<p>CIPA Key questions:</p> <ul style="list-style-type: none"> • Has the authority prepared a suitable capital strategy? • Has the authority set prudential indicators in line with the Prudential Code? • Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set? 	<p>The Authority produces an annual Capital, Treasury and Investment strategy. This includes the prudential indicators that the Authority uses. These indicators are estimate of capital expenditure, authorised limit for external debt and operational boundary for debt. The capital financing requirement is calculated as part of the strategy refresh and is reported as a note to the SoA. Whilst affordability is monitored internally these are not published due to being below 1%. The indicators are reviewed annually as part of the strategy renewal. Six monthly updates on the investment performance are provided to ARC.</p>	<p>Although not currently classified as capital Yare House could be considered under a right to use asset as part of IFRS16. This was due to be implemented in 21/22 (CIPFA delayed implantation due to COVID).</p>
<p>I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> • Does the authority have in place an agreed medium-term financial plan? • Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy? • Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand? • Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand? • Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims? 	<p>The Authority publishes it MTFP as part of the annual budget. This is produced on a 3-year rolling basis. It considers known commitments, estimates future levels of income required (NPG and tolls) and inflationary pressures.</p> <p>The MTFP links the Strategic priorities, the business plan, the Broads Plan and the capital strategy.</p> <p>One of the key cost drivers identified is salary increases which is determined through NJC pay awards which the Authority has little control over. The number of visitors visiting the broads is also another key driver which has led to the increase in Ranger services. Covid-19 will no doubt increase the UK's staycation appeal.</p> <p>The budget report provides details of the key assumptions and what those variations may mean in terms of budget impact.</p> <p>The Authority has an Asset Strategy in place that is supported by the Capital, Treasury and Investment Strategy.</p>	<p>See F about suggestion of refreshing property maintenance liability.</p>

Table 4

The annual budget

Standard	Code Guidance	What we do	What we can improve
<p>J. The authority complies with its statutory obligations in respect of the budget setting process</p>	<p>CIPA Key questions:</p> <ul style="list-style-type: none"> Is the authority aware of its statutory obligations in respect of the budget-setting process? Has the authority set a balanced budget for the current year? Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so? 	<p>Previously MT reviewed the budget holder requests prior to the budget being produced to ensure they are in line with the Broads Plan and Strategic Priorities. However, for the 2023/24 this was prepared by MT to reduce underspends and balance income and expenditure. The Authority approves the annual budget and the DoF provides commentary on the estimates made and the adequacy of the reserves. The budget sets out expected income and expenditure for the forthcoming year. This is monitored and reported to committee(s) throughout the year.</p> <p>The budget forms part of the three-year MTFP. Whilst only three years are reported to members workings cover five years.</p> <p>During the COVID-19 pandemic an emergency savings plan was formulated with budget holders and MT to mitigate the impact of lost toll income. A temporary recruitment freeze was also implemented.</p> <p>The budget is currently balanced through the use of reserves. This is considered acceptable given that reserves remain above the recommended minimum but will require intervention in future years to create further savings if income does not rise.</p> <p>The Authority is aware that a s114 notice would be issued if expenditure is likely to exceed the resources available to it or has failed to heed previous warnings from the DoF or the DoF has failed to warn of the risks. It is seen as the last resort.</p>	<p>MT to consider draft priorities for the following year over the Summer.</p>
<p>K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves? Does this report accurately identify and consider the most significant estimates used to 	<p>Same as J - The budget report includes commentary on the estimates (assumptions) made and the adequacy of the reserves.</p> <p>Same as J - The budget is currently balanced through the use of reserves. This is considered acceptable given that reserves remain above the recommended minimum but will require intervention in future years to create further savings if income does not rise.</p>	<p>Where reserves are being used to balance the budget, we should include a statement of what alternatives have been considered and how the longer-term impact of the revenue shortfall is being addressed.</p>

Standard	Code Guidance	What we do	What we can improve
	<p>prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?</p> <ul style="list-style-type: none"> Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future? Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall? 	<p>Although not included in the budget report, the report on setting the tolls for the forthcoming year provides details of the fleets over three years and how they have changed.</p> <p>Budget reports make clear that all staff posts are 100% filled for the financial year and that vacancies creates savings. All posts are considered when a vacancy arises and if there should be a replacement.</p> <p>The Authority's reserves remain above the set minimum, and this is detailed within the report.</p>	

Table 5
Stakeholder engagement and business cases

Standard	Code Guidance	What we do	What we can improve
L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget? How effective has this engagement been? What action does the authority plan to take to improve its engagement with key stakeholders? 	<p>Broads Plan engages with a wide variety of stakeholders.</p> <p>Stakeholder survey last completed in 2015. The results were reported, and an action plan drawn up and used for assisting toll setting.</p> <p>Navigation committee represents the views of toll payers when considering the level of tolls and the activities that maybe funded as a result of any increase.</p> <p>Management team engages with strategic partners at least annually. This includes the hire boat federation, Environment Agency, Natural England, RSPB, wildlife trusts and the LEP. Officers engage in the BFI, catchment partnership, upper Thurne and Broads Tourism which is fed back to management.</p> <p>The Authority previously held six monthly parish forums, post covid these will be reintroduced.</p> <p>The CEO and Chair meet with Norfolk leaders to discuss strategic issues every other month.</p>	<p>MT to review last stakeholder survey to determine the cost/benefit for a new stakeholder survey.</p> <p>Review previous report in April 2001 about the future of the Hire Boat Industry.</p>

Standard	Code Guidance	What we do	What we can improve
		Safety survey for Hire Boat companies on handover to help determine future resources for safety.	
M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal? Does the authority offer guidance to officers as to when an option appraisal should be undertaken? Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options? Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty? Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)? 	<p>When the Authority was considering the Acle Bridge project an external consultant was used to consider the business case for the site and different operating methods. This was reported to the Authority for consideration and highlighting the need for external investment to help fund the build.</p> <p>The Treasury strategy outlines that projects costing more than £250k will require a costed appraisal, this is not just for the project initiation but over the life of the capital expenditure.</p>	<p>DoF to review IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (2013) in conjunction with CIPFA's own guide to undertaking an option appraisal: Option Appraisal: A Practical Guide for Public Service Organisations (2017 Edition). Review will indicate whether we need to develop own appraisal methodology and mechanisms to address uncertainty.</p> <p>Appraisal options mainly use NPV but also need to take into consideration economic, cost-benefit, multi-criteria and impact assessments.</p>

Table 6

Monitoring financial performance

Standard	Code Guidance	What we do	What we can improve
N. The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability? Do the reports cover both forward and backward-looking information in respect of financial and operational performance? 	Finance produces a monthly monitor from the beginning of July onwards. As well as budget holders being able to access and review the spreadsheet MT can as well. Variances are identified by the Senior Accountant and discussed at the monthly section head meetings. Where there are significant variances, these are brought to the attention of MT. A summary version of the monitor is reported to every committee meeting.	<p>Working on producing reports quicker, however, may require different resource (see B above on restructure and system).</p> <p>Already agreed above that adjustments in forecast above £10k will come to MT.</p>

Standard	Code Guidance	What we do	What we can improve
	<ul style="list-style-type: none"> • Are there mechanisms in place to report the performance of the authority’s significant delivery partnerships such a contract monitoring data? • Are the reports provided to the leadership team in a timely manner and in a suitable format? • Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action? 	<p>One of the key assumptions in the budget preparation is the pay increase. Regular updates are provided as negotiation with the NJC progress.</p> <p>Budget holders are asked to provide updates on the “forecast” which looks forward to the end of the financial year. This is updated and included within the monitor. This has been particularly important for tolls during COVID-19 and budget setting, regarding the number of hire boats likely to be available in 21/22 season.</p> <p>No services are delivered by partnership agreement. Although there are no significant delivery partnerships, six monthly updates on the Broads Plan are produced and reported to the committee.</p> <p>External funded partnership projects (CANAPE/HLF/Peat) provide 6 monthly updates to MT and updates to members.</p>	
<p>O. The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> • Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability? • Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet? • Is the authority taking action to mitigate any risks identified? • Does the authority report unplanned use of its reserves to the leadership team in a timely manner? • Is the monitoring of balance sheet risks integrated into the authority’s management accounts reporting processes? 	<p>The pension liability within the balance sheet remains the Authority’s single largest liability. Norfolk Pension fund is subject to a triannual valuation process (conducted by the actuary Hymans Roberston LLP) which determines the Authority’s contributions for the next three years. This includes those paid over as part of monthly payroll costs and the annual payment to reduce the deficit. The fund operates a twenty-year strategy to bring the fund back to a surplus position and the liability would only crystallise if it left the scheme. The actuary produces an annual report to include a snapshot of the information into the balance sheet.</p> <p>Whilst debt remains a small part of the Authority, new arrangements require MT sign off so that the long-term affordability is considered against future NPG and Tolls.</p> <p>Fixed Assets are monitored on a quarterly basis with MT reviewing the FAR at year end. The asset strategy makes provision for maintaining the assets in a suitable condition and plans for their replacement. Assets depreciation</p>	

Standard	Code Guidance	What we do	What we can improve
		<p>estimation techniques reviewed and amended during 2022/23.</p> <p>Investments/surplus cash is governed by the Treasury and Investment strategy to secure capital before returns are considered.</p> <p>Debtors/Creditors are reviewed monthly and corrective action is taken accordingly.</p> <p>As part of the regular reporting to members levels of usable reserves are reported highlighting the impact of any variations against budget. If identified unplanned use of reserves would be reported to MT and members.</p>	

Table 7

External financial reporting

Standard	Code Guidance	What we do	What we can improve
<p>P. The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> • Is the authority’s CFO aware of their responsibilities in terms of the preparation of the annual financial statements? • Are these responsibilities included in the CFO’s role description, personal objectives and other relevant performance management mechanisms? • Have the authority’s financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom? 	<p>The DoF is aware of their responsibilities in terms of the preparation of the SoA. This involves reviewing CIPFA’s Code guidance in any one year and the Accounts and Audit Regulations 2015 (or as amended).</p> <p>These responsibilities are included in the JD and are included in the annual IPR as an objective setting out the relevant timescales.</p> <p>The SoA are prepared on time and in accordance with the code. Any delays in audit have been due to external audits capacity and not the Finance team.</p>	
<p>Q. The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> • Is the authority’s leadership team provided with a suitable suite of reports on the authority’s financial outturn and on significant variations from budget? • Is the information in these reports presented effectively? • Are these reports focused on information that is of interest and relevance to the leadership team? • Does the leadership team feel that the reports support it in making strategic financial decisions? 	<p>A final monitor is produced for the year and reported to members highlighting variances +/- £10k. This is then used in producing the budget for the following financial year. Significant variations are considered alongside budget requests. Consistent underspends are challenged.</p>	<p>Refresher training for budget holders to be provided in 2023 to remind budget holders the importance of the review and responding in a timely manner to help support future strategic decisions.</p>

Audit and Risk Committee

25 July 2023

Agenda item number 9

Finance Strategy and Policy updates

Report by Director of Finance

Summary

This report sets out the revised Standing Orders Relating to Contracts and the Procurement Strategy which were last updated in 2022 and 2020.

Recommendation

- i. To approve the updated Standing Orders Relating to Contracts, and
 - ii. To approve the updated Procurement Strategy.
-

1. Introduction

- 1.1. As indicated at the November committee meeting several strategies and policies are scheduled for review. Following the adoption of the Financial Regulations in November, Counter Fraud, Bribery and Corruption Strategy and Advertising and Sponsorship Policy in March this report considers the final two due for review.

2. Standing Orders Related to Contracts

- 2.1. The Standing Orders Relating to Contracts (SORC) was last considered by the Broads Authority in May 2018. The document has been reviewed annually and updated internally where amendments have been minimal and required by legislation, the last being February 2022. A version highlighting the amendments can be found in track changes at Appendix 1.
- 2.2. The Monitoring Officer and Management Team have been consulted on the revised version and their comments and feedback have been incorporated into the revised SORC. The main changes have been:
 - Update the general exemptions (5b) to match those agreed in the covering report back in 2018 (paragraph 2.3).
 - Update the specific exemptions (6e) for contract extension to include both a monetary value and percentage. This is due to several low value extensions requiring committee approval over the last year.

- Add a new specific exemption (6g) for time-limited grant funding from an external body. This is where time limitations will not allow a competitive procurement process to be completed and where the grant conditions allow this. This is consistent with other local authorities' contract procedure rules.
- The estimation method and contact values have been updated to reflect the legislation now expects values to be calculated including VAT.
- The addition of Directors to the Chief Executive in determining evaluation criteria, invitation to quote/tender and acceptance.
- Update to job titles.

3. Procurement Strategy

- 3.1. The Procurement Strategy was last considered by this committee in July 2020. A version highlighting the amendments can be found in track changes at Appendix 2.
- 3.2. The Management Team and the Carbon Reduction Project Manager have been consulted on the revised version and again their comments and feedback have been incorporated into the revised strategy. The main changes have been to update job titles, legislation following the UK leaving the EU and the updated themes from the National Procurement Strategy for Local Government in England 2022 (14.1).

4. Summary

- 4.1. The current Terms of Reference of Committees sets out in section 4 (Audit and Risk Committee) paragraph 15 the powers to approve such documents. This will continue to be the case if the committee agrees to new ones set out on this agenda.
- 4.2. New legislation is scheduled to be introduced in Spring 2024 to replace the Public Contracts Regulations 2015 by the Procurement Bill. This will require both documents to be reviewed again to make sure they remain up to date. Any significant changes will be brought back to committee next year.

Author: Emma Krelle

Date of report: 23 June 2023

[Broads Plan](#) strategic objectives: All

Appendix 1 – Standing Orders Relating to Contracts (July 2023)

Appendix 2 – Procurement Strategy (draft July 2023)

Broads Authority

Standing Orders Relating to Contracts

Note: These Standing Orders should be read in conjunction with the “Standard Terms for Contracts” which provide standard wording for use in tender documentation. All tenders must be reviewed by the Director of Finance, Senior Accountant or Financial Accountant and the appropriate Director prior to being issued. After consultation with Management Team legal advice may be obtained from the Authority’s Legal provider.

Contents

<u>Application and exceptions</u>	<u>4</u>
<u>1. Purpose of Standing Orders</u>	<u>4</u>
<u>2. Duty to achieve best value</u>	<u>4</u>
<u>3. Application</u>	<u>4</u>
<u>4. Compliance with UK Public Sector Regulations</u>	<u>4</u>
<u>5. General exemptions</u>	<u>4</u>
<u>6. Specific exemptions</u>	<u>5</u>
<u>Pre-estimate</u>	<u>6</u>
<u>7. Pre-estimate</u>	<u>6</u>
<u>8. Hire of goods or services for an indeterminate period</u>	<u>6</u>
<u>Contracts below £5,000 (inclusive of VAT)</u>	<u>6</u>
<u>9. Contracts below £5,000</u>	<u>6</u>
<u>Contracts of £5,000 and above</u>	<u>6</u>
<u>10. Award and evaluation criterion</u>	<u>6</u>
<u>Contracts between £5,000 and £25,000 (inclusive of VAT)</u>	<u>8</u>
<u>11. Quotations</u>	<u>8</u>
<u>Contracts Above £25,000 (inclusive of VAT)</u>	<u>8</u>
<u>12. Tenders</u>	<u>8</u>
<u>13. Open tendering</u>	<u>8</u>

14.	Restricted tendering - Ad hoc list	8
15.	Restricted Tendering - Standing List	9
16.	Framework arrangements	10
17.	Post-tender negotiations	11
Tenders		11
18.	Invitations to tenders	11
19.	Invalid tenders	12
20.	Opening of tenders	12
21.	Acceptance of tenders	13
22.	Errors or Discrepancies in Tenders	13
23.	Contract variations	13
Miscellaneous matters		14
24.	Register of contracts	14
25.	Financial interests of officers	14
26.	Supervision of contracts by third parties	14
27.	Nominated sub-contractors and suppliers	14
28.	Contract conditions	15
29.	VAT	16
30.	Review	16
31.	Interpretation	16
Appendix – Post tender negotiations		18
Procedural Rules		18
Application and exceptions		2
1.	Purpose of Standing Orders	2
2.	Duty to achieve best value	3
3.	Application	3
4.	Compliance with European Union (EU) Directives	3
5.	General exemptions	3
6.	Specific exemptions	3
Pre-estimate		4
7.	Pre-estimate	4
8.	Hire of goods or services for an indeterminate period	4
Contracts below £5,000		5

9. Contracts below £5,000	5
Contracts of £5,000 and above	5
10. Award and evaluation criterion	5
Contracts between £5,000 and £25,000	6
11. Quotations	6
Contracts Above £25,000	6
12. Tenders	6
13. Open tendering	7
14. Restricted tendering – Ad hoc list	7
15. Restricted Tendering – Standing List	8
16. Framework arrangements	9
17. Post tender negotiations	9
Tenders	10
18. Invitations to tenders	10
19. Invalid tenders	10
20. Opening of tenders	10
21. Acceptance of tenders	11
22. Errors or Discrepancies in Tenders	12
23. Contract variations	12
Miscellaneous matters	12
24. Register of contracts	12
25. Financial interests of officers	12
26. Supervision of contracts by third parties	13
27. Nominated sub-contractors and suppliers	13
28. Contract conditions	14
29. VAT	15
30. Review	15
31. Interpretation	15
Appendix – Post tender negotiations	16
Procedural Rules	16

Application and exceptions

1. Purpose of Standing Orders

The overall purpose of these Standing Orders is as follows:

- (a) to ensure transparency and fairness in the procurement of works, supplies and services;
- (b) to ensure that the Authority gets best value from its procurements; and
- (c) to protect those involved in the procurement process.

2. Duty to achieve best value

Every contract or official order made for works, supply and disposal of goods, materials and services must be for the purpose of achieving the Authority's statutory and approved objectives and must ensure best value, to secure continuous improvement in the exercise of all its functions, having regard to a combination of economy, efficiency and effectiveness.

3. Application

- (a) These Standing Orders apply to every contract made by or on behalf of the Authority except contracts for:
 - (i) the acquisition or disposal of any interest in land; or
 - (ii) insurance or the lending or borrowing of money; or
 - (iii) the employment of any employee.

The engagement of consultants and other professional advisers must be in accordance with these Standing Orders unless the Authority or appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the appropriate committee, directs otherwise.

4. Compliance with UK Public Sector Regulations

Every contract must comply with The Public Contracts Regulations and with any relevant directives being in force in the United Kingdom. These Standing Orders have effect subject thereto.

5. General exemptions

- (a) The Authority or the appropriate committee may authorise exemption from any of the following provisions of these Standing Orders where they are satisfied that the exemption is justified in special circumstances.

(b) The Chief Executive may approve contracts under £150,000 (unless stated otherwise under general or specific exemptions) and where budgetary provision already exists. Contracts above this value require Broads Authority approval.

~~(b)~~(c) _____ The Chief Executive may authorise exemption from any of the following Standing Orders by certifying that there is an extreme emergency.

~~(c)~~(d) _____ Every exemption authorised under these Standing Orders must be reported to the Authority and the report must specify the emergency or other special reason justifying it.

6. Specific exemptions

Quotations or tenders need not be invited in the case of a contract:

- (a) for the supply of goods or services where there is only one or two suppliers and no acceptable alternative;
- (b) for goods or materials to be purchased at an auction or second hand;
- (c) for goods or services to be purchased through any consortium, association or similar body (including the other UK National Parks) of which the Authority is a member, or under any other framework arrangement not negotiated by the Crown Commercial Services (CCS) for the benefit of public bodies;
- (d) for works of art, museum specimens or historical documents;
- (e) which constitutes an extension of an existing contract (such an extension to be approved by the Chief Executive in cases where the variation is up to 10% of the original price or £25,000 (whichever is higher, but less than 50% of the original price); above that figure extensions (but less than 50% of the original contract) can only be approved by the Broads Authority~~appropriate committee~~);
- (f) for the execution of work or for the supply of goods or materials certified by the Chief Executive as being required so urgently as to preclude the invitation of quotations or tenders;

(except where it is readily practicable to invite quotations or tenders) for repairs to, or the supply of, parts of existing proprietary or patented articles, including machinery or plant;
- (g) in relation to time-limited grant funding from an external body, where the time limitations will not allow a competitive procurement process to be completed and where the grant conditions allow this;
- (h) for which it is not considered reasonably practicable in the Authority's interest so to do, subject to a report to the Broads Authority~~or appropriate committee~~;
- (i) on behalf of another body for which the Authority is acting as agent, provided any rules or standing orders of that body are complied with; or
- (j) where the Authority is undertaking work in partnership with another public sector organisation, and the work is being funded either entirely or more than 50% by that organisation, the Authority need not necessarily seek competitive quotations or tenders if that other organisation or another public body has already undertaken such a process, subject to the Authority being satisfied that the process was fair and robust and that the expenditure represents good value in the use of public money.

Pre-estimate

7. Pre-estimate

Before any procurement is begun the budget holder (within their authorised limits) must estimate the value of the contract in order to determine which procurement route should be followed. The contract value estimation should be inclusive of VAT.

8. Hire of goods or services for an indeterminate period

(a) In the case of contracts for:

- (i) the hire of goods for an indeterminate period; or
- (ii) the provision of services for a period in excess of four years or for an indeterminate period;

the estimated value for both these types of contracts must be the estimated monthly costs multiplied by 48 or, the estimated annual cost multiplied by four.

(b) In the case of contracts for the supply of goods where the Authority enters into a series of contracts or a renewable contract, the estimated value of the contract is either:

- (i) the aggregate value of similar contracts over the previous 12 months (adjusted for any known changes in demand);
- (ii) the estimated value of similar contracts over the next 12 months; or
- (iii) if the contract is for a definite term of more than 12 months, the estimated value for the period of the contract.

(c) Where (a) or (b) do not apply the estimated value for all supplies, services and works the total estimated value will be the period covered by the contract

(d) In the event that the contract estimate is incorrect and quotations are received which would have resulted in a different procurement process being applied, the procurement process should either be re-run following the appropriate process, or a Waiver of Standing Orders be completed, depending upon circumstances.

Contracts below £5,000 (inclusive of VAT)

9. Contracts below £5,000

Where the estimated value of a contract is below £5,000 (inclusive of VAT), it is good practice but not mandatory to obtain more than one quotation.

Contracts of £5,000 and above (inclusive of VAT)

10. Award and evaluation criterion

(a) Before any quotations or tenders are sought where the estimated value of the contract is £5,000 or above (inclusive of VAT), the budget holder (within their

authorised limits) must decide and record the award criterion to be used when the quotations or tenders are received. This must be either:

- (i) the lowest price (where the Authority is to pay the supplier); or
- (ii) the highest price (where the supplier is to pay the Authority); or
- (iii) the most economically advantageous quotation or tender.

(b) If the chosen award criterion is the ‘most economically advantageous,’ the Chief Executive or a Director must then decide and record in a list the evaluation criteria (in descending order of significance) upon which the quotations or tenders will be so evaluated. Normally it is recommended that at least 50% of the award criterion should be based on the price for the product or service. The award criteria should be weighted by percentage, and displayed in a grid, as set out in the following example.

Award Criteria	Weighting
Price	50%
Technical specification/expertise	20%
Trade references	10%
Timescale for completion of work	10%
Maintenance costs	10%
Total	100%

Note: The above is an example only for a service contract. Tenders must be drawn up carefully having regard to the needs of the particular project. Further guidance on how each of the award criteria will be evaluated must be provided, to minimise as far as possible the element of subjectivity in the process.

The Chief Executive or a Director must notify all those invited to submit quotations or tenders which award criterion is being used in the case of the contract in question and, where applicable, the evaluation criteria.

- (c) For contacts below £25,000 the quotation which best meets the award criterion must be accepted, except where otherwise agreed in writing by the Chief Executive or a Director, stating why the quotation which best meets the award criterion has not been accepted.
- (d) Where the quotation has been otherwise agreed above, these cases will be reported to the Broads Authority or appropriate committee as an exception to Standing Orders.

Contracts between £5,000 and £25,000 (inclusive of VAT)

11. Quotations

Where the estimated value of the contract is between £5,000 and £25,000 inclusive of VAT the Chief Executive or a Director must, unless impracticable, invite at least three written quotations.

Contracts Above £25,000 (inclusive of VAT)

12. Tenders

- (a) Where the estimated value of a contract exceeds £25,000 (inclusive of VAT) but is below the Find a Tender Service (FTS) limit, and in any other cases where the Authority or the appropriate committee determines, tenders must be invited in accordance with either one of Standing Order 13, 14, 15 or 16.
- (b) If the estimated value of any contract is above the FTS limit then legal advice must be sought regarding the procedures which will need to be followed in letting the contract as public notice limits increase in these circumstances. The current threshold at January 2022 (~~net~~inclusive of VAT) for works contracts is ~~was~~ £5,336,937 and for supply, services and design contracts (estimated over 48 months) £213,477.

13. Open tendering

- (a) This Standing Order applies where the tenders for a contract are to be obtained by open competition.
- (b) At least 14 days public notice must be given in:
 - (i) On contract finder and the Authority's website. Further notices can also be placed in other purchasing platforms such as the Crown Commercial Services and one or more relevant professional or trade list/source, or the local newspapers; and
 - (ii) wherever the estimated value of the contract exceeds £100,000, in one or more newspapers or journals circulating among persons or bodies who undertake such contracts.
- (c) The notice must state what the contract is for and where further details may be obtained, invite tenders for its execution and state the last date and time when tenders will be received.

14. Restricted tendering - Ad hoc list

- (a) This Standing Order applies where the Authority or appropriate committee has decided that invitations to tender for a contract are to be made to some or all of those persons or bodies who have replied to a public notice.
- (b) Public notice must be given:

- (i) On contract finder and the Authority's website. Further notices can also be placed in other purchasing platforms such as the Crown Commercial Services and one or more relevant professional or trade list/source, or the local newspaper; and
 - (ii) where the estimated amount or value of the contract exceeds £100,000, in at least one newspaper or journal circulating among such persons or bodies who undertake such contracts; and
 - (iii) at the discretion of the Authority or appropriate committee to all or a selected number of persons or bodies named in the list maintained under Standing Order 15.
- (c) The public notice must:
- (i) specify what the contract is for;
 - (ii) invite interested persons or bodies to submit a request to participate including information to be provided for selection; and
 - (iii) specify a time limit, of at least 14 days, within which such applications must be submitted to the Authority.
- (d) After the expiry of the period specified in the public notice invitations to tender for the contract must be sent to:
- (i) at least three of the persons or bodies who applied for permission to tender, selected by the Chief Executive or a Director;
 - (ii) where fewer than three persons or bodies have applied or are considered suitable, those persons or bodies which the Chief Executive or a Director considers suitable.
 - (iii) Specify a time limit, of at least 14 days, within which full tenders must be submitted to the Authority.

15. Restricted Tendering - Standing List

- (a) This Standing Order applies where the Authority or appropriate committee has decided that invitations to tender for a contract are to be limited to those persons or bodies whose names are included in a list compiled and maintained for that purpose.
- (b) This list must:
 - (i) be compiled and maintained by the Chief Executive or Director;
 - (ii) contain the names of all persons or bodies who wish to be included and who are approved by the Authority or appropriate committee; and
 - (iii) indicate in respect of a person or body whose name is so included, the categories of contract and the maximum values or amounts in respect of those categories for which approval has been given.

- (c) At least four weeks before a list is first compiled, notices inviting applications for inclusion in it must be published:
 - (i) On contract finder and the Authority's website. Further notices can also be placed in at least one relevant professional or trade list/source, or the local newspaper; and must state the purpose of the list.
 - (ii) include information that the persons or bodies must provide to be considered for selection; and
 - (iii) specify a time limit, of at least 14 days, within which such applications must be submitted to the Authority
- (d) The list must be amended as required from time to time and must be reviewed at intervals not exceeding three years. At least four weeks before each review, everyone on the list must be asked whether they wish to remain there and notices inviting new applications for inclusion in the list must be published in the manner provided by paragraph 15.(c) of this Standing Order.
- (e) At each review the list must be reported to the appropriate committee with particulars showing those invited to tender, those responding and those successful, since the last review.
- (f) Where a standing list relates to Fen Management Contractors these will be allocated to contractors based on a specific area for the duration of the list.
- (g) Invitations to tender for a contract, that does not relate to Fen Management, must be sent to:
 - (i) at least three of those persons or bodies selected by the Chief Executive or a Director from among those approved for a contract of the relevant category and amount or value; or
 - (ii) where fewer than three persons or bodies are approved for a contract of the relevant category and amount or value, all those persons or bodies.

Specify a time limit, of at least 14 days, within which full tenders must be submitted to the Authority.

16. Framework arrangements

- (a) A Framework Arrangement is a formal tendered arrangement which sets out terms and conditions under which specific purchases can be made throughout the term of the agreement, and supplies, services or works are procured from the successful tenderer in predicted quantities at various times during the period that the agreement is in force.
- (b) Finance hold and publish on the intranet a list of frameworks that the Authority

can access, this currently includes the Crown Commercial Services (CCS). These frameworks cover a wide variety of areas from postage, to vehicles and Insurance. Public sector

organisations have already tendered for these frameworks and completed the appropriate background checks. The individual frameworks provide details of the procedure to be followed.

- (c) If at any time the Authority proposes to enter into a Framework Arrangement for the provision of goods or services that is not on the list in b), then the Director of Finance will agree and update the list and advise on the procedures which need to be followed in using the framework.

17. Post-tender negotiations

- (a) The Chief Executive may (following the closing date for receipt of tenders but before acceptance of any tender) carry out post-tender negotiations to attempt to secure an improvement in the contract price or other conditions only in one or more of the following circumstances:
 - (i) where the lowest submitted tender or the most economically advantageous tender (where this is the award criterion) exceeds the estimated value of the contract;
 - (ii) where the Chief Executive considers that the price of the lowest tender submitted abnormally low;
 - (iii) where tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items; or
 - (iv) where the lowest submitted tender or the most economically advantageous tender (where this is the award criterion) contains conditions, trading terms, specification, performance, guarantees, or service delivery less favourable than in other tenders, or than stipulated for, and this defect appears capable of being remedied by post-tender negotiations.
- (b) In carrying out Post Tender Negotiations, the Authority shall follow the procedures set out in the Appendix to these Standing Orders.

Tenders

18. Invitations to tenders

- (a) Every invitation to tender must specify the latest day and hour and the place appointed by the Chief Executive for the receipt of tenders and must state the effect of Standing Order 17.
- (b) On receipt, envelopes containing tenders must be date and time stamped and kept by the Chief Executive until they are opened.
- (c) The invitation to tender should make clear that:
 - (i) tenders may be submitted electronically, on a CD or other appropriate media posted to the Authority in the supplied tender envelopes; and

- (ii) tenders submitted by email will only be accepted when sent exclusively to tenders@broads-authority.gov.uk with the subject clearly indicating the name of the tender. Any tenders not conforming to these requirements, or sent to an alternative email address, will be invalidated.

19. Invalid tenders

- (a) An invalid tender must not be accepted, unless otherwise agreed by the Authority or appropriate committee, or by the Chief Executive in conjunction with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.
- (b) A tender will only be valid if it has been delivered to the place appointed by the Chief Executive not later than the appointed day and hour either sealed in the pre- printed envelope provided by the Authority for this purpose or the tender mailbox.
- (c) A tender will not be valid if the envelope bears any name or mark indicating the sender.

20. Opening of tenders

- (a) Tenders received under one of Standing Order 13, 14, 15 or 16 must be opened at the same time and only in the presence of at least two officers of the Authority designated for the purpose by the Chief Executive, one of whom must be the budget holder, Director of Finance, Senior Accountant or Financial Accountant. The officers present at the opening must sign and date a summary of tenders received.
- (b) Any tender received at the appointed place later than the day and hour specified under Standing Order 18 may be opened and recorded on the summary of tenders stating the circumstances. The tender must be rejected unless it is subsequently approved by the appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.
- (c) The Director of Finance must retain all tenders received, including any invalid tenders, and their envelopes for a period of two years from the return date. The accepted tender must be retained for six years after the final contract payment.
- (d) Any tender opened in error before the date and time set for opening tenders shall be immediately resealed and a record made of the event signed by the Director of Finance in the Register of Tenders held by the Director of Finance.
- (e) If it is necessary to extend the date for receiving tenders, this shall be recorded by the Director of Finance in the Register of Tenders, setting out the reason for extending the deadline.
- (f) Any tender documents which are received electronically to the tender mailbox shall only be accessible by the Director of Finance, Senior Accountant and the Financial Accountant. They will make arrangements for a copy of the tender to be printed for the designated officer to open the tenders at the same time as those received by post

under Standing Order 20.(a) (either a Director, Director of Finance, Senior Accountant or Financial Accountant).

21. Acceptance of tenders

- (a) The Chief Executive or a Director may only accept the tender which best meets the award criteria except where otherwise agreed by the Authority or appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.
- (b) Acceptance of tenders must be in writing and signed by the Chief Executive or an officer designated by the Chief Executive for that purpose.
- (c) A contract award notice will be made on Contract Finder no later than 30 days after the award of the successful tenderer including the amount. Unsuccessful tenderers must also be notified via email at the same time as the successful tenderer including the reasons for the decision.
- (d) It is good practice to include a standstill period of at least 14 days prior to official contracts being signed for contracts below the FTS thresholds. Contracts above must have the standstill period incorporated.

22. Errors or Discrepancies in Tenders

- (a) Where examination of tenders reveals errors or discrepancies which would affect the tender figure in an otherwise successful tender, the tenderer must be provided with written details of each error and discrepancy. The tenderer will be afforded the opportunity either:
 - to confirm in writing and accept the error if it is in the Authority's favour; or
 - to correct the error(s) and to revise the tender downwards. Any revisions must be confirmed in writing; or
 - to withdraw the tender. This must be confirmed in writing.
- (b) Tenders must not be revised upwards.
- (c) Errors and discrepancies in unsuccessful tenders must not be revised even if, after correction, they would make the tender successful.
- (d) If the tenderer withdraws, the next tender in competitive order is to be examined and then dealt with in the same way.
- (e) Any exception to this procedure may be authorised only by the Authority or appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.

23. Contract variations

- (a) All requests to suppliers to amend any contract or requirement must be made in writing and must include authorisation at the same level as the original instruction or at a higher level if the level of expenditure exceeds the original authorisation level.

- (b) When the Purchase Order has been issued, any changes in the requirement must be notified to the supplier in writing by an amendment to the Purchase Order and if relevant a Contract Variation.

Miscellaneous matters

24. Register of contracts

A register of all contracts placed by the Authority must be kept and maintained by the Director of Finance. For each contract the register must specify the name of the contractor, the works to be executed or the goods to be supplied and the contract value. It must be open to inspection by any member of the Authority.

25. Financial interests of officers

The ~~Chief Executive~~ Head of HR must record in the Register of Officers' Interests details of any notice given to the Authority by an officer under Section 117 of the Local Government Act 1972 of a financial interest in a contract. The Register must be open during office hours for inspection by any member of the Authority.

26. Supervision of contracts by third parties

- (a) It must be a condition of any contract between the Authority and any person (not being an officer of the Authority) who is required to supervise a contract on behalf of the Authority that in relation to that contract the requirements of these Standing Orders must be complied with as if that person were the Chief Executive.
- (b) Such person must:
 - (i) at any time during the carrying out of the contract produce to the Chief Executive on request all records maintained in relation to that contract;
 - (ii) on completion of the contract transmit all records to the Chief Executive.

27. Nominated sub-contractors and suppliers

Where a sub-contractor or supplier is to be nominated to a main contractor, the following rules apply:

- (a) Where the estimated amount of the sub-contract or the estimated value of the goods to be supplied by the nominated supplier does not exceed £25,000, quotations must be invited for the nomination in accordance with Standing Order 9 or 11 unless the Chief Executive considers in respect of any particular nomination that it is not reasonably practical to obtain competitive quotations.
- (b) Where the estimated amount of the sub-contract or the estimated value of the goods to be supplied by the nominated supplier exceeds £25,000, tenders must be invited in accordance with one of Standing Order 13, 14, 15 or 16 unless the Authority or appropriate committee decides in respect of any particular nomination that it is not reasonably practicable to obtain competitive tenders.
- (c) Standing Orders 18 to 22 apply to tenders received under this Standing Order.

- (d) Sub-contractors or suppliers must send with their tender an undertaking that if they are selected they will
 - (i) be willing to enter into a contract with the main contractor; and
 - (ii) indemnify the main contractor in respect of the sub-contracted works or materials.
- (e) The Chief Executive must nominate to the main contractor the person whose quotation or tender best meets the award criterion. Where it is proposed to award the quotation or tender to a person whose quotation or tender does not best meet the award criterion, the circumstances must:
 - (i) in the case of quotations under paragraph 26.(a) above, be reported to the Authority or appropriate committee; or
 - (ii) in the case of tenders under paragraph 26.(b) above, be agreed, before any nomination is made, by the Authority or appropriate committee or, in cases of emergency, by the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.

28. Contract conditions

- (a) Every contract which exceeds £5,000 in value or amount must:
 - (i) be in writing and signed by the Chief Executive or an officer designated by the Chief Executive for the purpose;
 - (ii) specify the goods, materials or services to be supplied and the work to be executed, the price to be paid together with a statement as to the amount of any discounts or other deductions, the periods within which the contract is to be performed and such other conditions and terms as may be agreed between the parties; and
 - (iii) in appropriate cases, where a contract exceeds £100,000 in amount or value, provide for the payment of liquidated damages by the contractor for failure to complete the contract within the time specified;
 - (iv) include a clause prohibiting the contractor from transferring or assigning or sub-letting to any person any portion of the contract without the written permission of the Authority signed by the Chief Executive;
 - (v) where applicable, require the contractor to indemnify the Authority against claims in respect of employers' liability and/or public liability. The amount normally required for public liability insurance cover is £5,000,000;
 - (vi) where applicable, for example where professional advice is being given, require the contractor to indemnify the Authority against claims in respect of matters relating to the advice or service provided. The amount normally required for professional indemnity insurance is £5,000,000;

- (vii) where appropriate include a clause giving tenderers the opportunity to state how much the required insurance would cost (for the duration of the contract) if they do not have it already in place. This must then be added to the cost of the tender;
 - (viii) state that all goods, materials and work must comply with any relevant British Standards Specification or Code of Practice in force at the date of the quotation or tender;
 - (ix) state that the Authority can cancel the contract and recover any resulting losses if the contractor or the contractor's employees or agents, with or without the contractor's knowledge:
 - does anything improper to influence the Authority to give the contractor the contract; or
 - commits an offence under the Prevention of Corruptions Acts 1889 to 1916 or Section 117(2) of the Local Government Act 1972.
 - (x) where the contract relates to the processing of personal data, state they must comply with GDPR legislation.
- (b) Where it is considered that the total amounts of insurance, as set out in paragraphs 27.(v) and 27.(vi), are not considered to be appropriate or necessary, the Chief Executive may approve deviations to this figure.
- (c) It is good practice to ask tenderers for a certified copy of the public liability and / or professional indemnity insurance, especially from new or unknown contractors.
- (d) Every contract over £100,000 must be under seal.
- (e) The Authority may also require a contractor to give sufficient security for completing the contract.

29. VAT

All the financial limits contained within these Standing Orders ~~ex~~include VAT where it is payable.

30. Review

The Authority will review these Standing Orders at intervals not exceeding three years.

31. Interpretation

In these Standing Orders, unless the context otherwise requires:

- (a) "appropriate committee" means the committee or sub-committee to which the power to make the contract has been delegated;
- (b) "most economically advantageous" normally means the lowest if payment is to be made by the Authority and the highest if payment is to be made to the Authority, but should also take into account quality and other measures, which will be set out in

the evaluation criteria and which should be specified in advance of the contract evaluation. In such cases the method of scoring such measures and the weighting of evaluation will be clearly set out in the contract specification.

(c) "Person" includes a partnership, body corporate or unincorporated association.

Note: All references to the Chief Executive in this document apply to that person and his / her nominated representative, who are, a Director, and any other officers who are authorised to act in particular circumstances in accordance with the Scheme of Powers Delegated to the Chief Executive ~~—Arrangements for the Exercise of Powers by Other authorised Officers~~.

~~February 2022~~

Appendix – Post tender negotiations

Procedural Rules

1. In Post Tender Negotiations carried out under Standing Order 17:
 - a. Where price is the award criterion the tenderers submitting the lowest tender and all those the value of which is within 5% of the lowest tender or, if there is no such tender, the tenderer submitting the second lowest, may be invited to participate in Post Tender Negotiations.
 - b. Where the most economically advantageous tender is the award criterion the tenderers submitting the most economically advantageous tender and the second most economically advantageous tender may be invited to participate in Post Tender Negotiations.
2. Post Tender Negotiations may only be authorised by the Chief Executive. In the case of contracts with an estimated value exceeding £25,000 the Chief Executive must also consult the Legal provider who must thereafter be notified of the time and venue of all negotiations carried out and who will be entitled to be represented at any such negotiations.
3. In the case of all Post Tender Negotiations the senior officer carrying out the negotiations must record in writing the objective to be secured by such negotiations and forward a copy of this record to the Director of Finance and, for contracts with an estimated value exceeding £25,000, the Legal provider.
4. Unless other arrangements are specifically agreed by the Chief Executive, all negotiations must take place at the Authority's premises with both the tenderer and the relevant officers of the Authority present.
5. During negotiations with the tenderer there must always be present at least two officers of the Authority.
6. A note of the negotiations will be made by one of the officers present recording those present, the time and location of the negotiations, details of the discussion and any agreement reached. The note shall be signed by all officers present and will be kept on file with a copy sent to the Director of Finance and, for all contracts with an estimated value exceeding £25,000, the Legal provider.
7. At no time must a tenderer be informed of the detail of any other tender submitted or as to whether or not the tender submitted was the lowest or the most economically advantageous tender (where this is the award criterion).
8. Acceptance of tenders following Post Tender Negotiations must be in accordance with Standing Orders except that the Chief Executive must also inform the Legal provider and Monitoring Officer of the name of the successful tenderer and of the tender price regardless of the estimated value of the contract.

9. The Director of Finance will maintain a record of all post tender negotiations relating to contracts with an estimated value in excess of £25,000. This record must show the date of the tender, the date of any Post Tender Negotiations, the names of tenderers involved in negotiations, the original price, the revised price, the revised specification, the names of the officers involved and details of the contract awarded.
10. Legal advice should be sought where the officer dealing with this matter is under any uncertainty regarding the procedure to be followed.

Procurement strategy

Contents

1. Introduction	2
2. Purpose	2
3. Responsibilities	3
4. Procurement objectives	3
5. Local Government Pledge	4
6. Procurement principles	<u>54</u>
7. Best value	6
8. The procurement process	<u>76</u>
9. Good practice	7
10. Competition	<u>98</u>
11. Social value and “green” procurement	9
12. In-house and outsourced services	11
13. Contract management	11
14. National Procurement Strategy for Local Government in England	<u>1244</u>
15. Review	<u>1342</u>

1. Introduction

- 1.1. "Procurement" can be defined as the process of acquiring goods, materials, works or services. Procurement encompasses acquisitions from both third parties and "in-house" providers. The process of procurement includes the whole cycle of purchasing, from the initial identification of needs and options appraisal (including the "make or buy" decision), through to the ultimate end of a services contract or the end of the useful life of an asset.
- 1.2. The Broads Authority is committed to procuring cost effective and quality goods and services, which will in turn support the achievement of the Authority's overall strategic and operational aims and objectives. The Authority subscribes to the key principles of the Local Government Procurement Pledge as set out within this Strategy.
- 1.3. The Authority's procurement activities take place in the context of a complex framework of European Union directives and UK procurement regulations, alongside a range of other statutory and regulatory guidance. The Public Contracts Regulations 2015 implement into UK law the European Union Consolidated Directive on public procurement (2014/24/EU). These regulations are due to be replaced with The Procurement Bill in 2024.

2. Purpose

- 2.1. The purpose of this Procurement Strategy is:
 - to set out how the Authority's procurement activities comply with legislative and regulatory requirements.;
 - to promote the acquisition and delivery of supplies and services by the most appropriate procurement route, thereby ensuring that value for money¹ and quality are obtained at all timesalways obtained.;
 - to define a clear corporate framework for procurement, which complements and aligns with the Authority's Financial Regulations and Standing Orders Relating to Contracts.;
 - to ensure that all procurement by the Authority is carried out in a sustainable and responsible manner in order to maximise the economic, social, and environmental benefits.

¹ Value for money is defined as "the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought."

3. Responsibilities

- 3.1. Overall responsibility for the implementation of this Strategy lies with the Management Team, who will ensure that all procurement decisions are taken in accordance with the principles and best practice guidelines set out in this Strategy. All Broads Authority officers must have regard to this Strategy when undertaking any procurement activity.
- 3.2. The Authority does not have a Procurement Officer; advice about procurement procedural issues should in the first instance be sought from the Finance Team. Legal advice may be required in the case of a more complex procurement. The ~~Chief Financial Officer~~Director of Finance must be consulted about the procedure to be applied in the event of any procurement which is over the ~~European OJEU~~Find a Tender Service (FTS) threshold (details of current thresholds are set out in the Standing Orders Relating to Contracts).
- 3.3. The Authority's ~~Sustainability Exchange group~~Carbon Reduction Project Manager can provide advice on environmental impact issues when determining criteria for tendering procedures.

4. Procurement objectives

- 4.1. The Authority's overriding procurement objectives are:
- to purchase goods and services from suppliers who will provide value for money.
 - to secure the purchase of goods and services as quickly and efficiently as possible.
 - to procure goods and services which will enable the ultimate provision of quality services to the public.
 - to encourage the purchase of goods and services from suppliers whose policies, practices and products are economically, socially, and environmentally sound.
 - to purchase goods and services from suppliers who comply with the Authority's health and safety standards and requirements.
 - to use local, small, and medium size enterprises and / or voluntary, community and social enterprises where possible, and to encourage such enterprises to bid for the Authority's contracts.

- to continue working towards e-procurement².

5. Local Government Pledge

5.1. In line with these objectives, the Broads Authority subscribes to the Local Government Association's Procurement Pledge for Local Authorities, which recognises the opportunities provided by procurement to deliver value for money and to support local economies. The Authority will therefore seek to use procurement to help:

- deliver value for public money. ~~and~~
- drive local social and economic growth and regeneration. ~~and~~
- provide inclusive services through a diverse supplier base.

5.2. ~~In order to~~To deliver these outcomes, to the fullest extent possible within the Authority's available resources, and where it is proportionate and appropriate, the Broads Authority will make efforts to:

- promote and implement procurement processes that are less bureaucratic and burdensome. ~~and~~
- build skills, capacity, and expertise in procurement. ~~and~~
- engage effectively with stakeholders to ensure that the goods and / or services being procured meet their needs and (where appropriate) involve them in the procurement process. ~~and~~
- engage effectively with suppliers through market days, pre-procurement dialogue, and provide transparent feedback, making them aware of trading opportunities and securing their input and expertise. ~~and~~
- use procurement in a socially and environmentally responsible way, promoting fair employment practices (including the Modern Slavery Act 2015), ethical sourcing practices, and environmental sustainability wherever possible. ~~and~~
- seek feedback from suppliers and use this learning to further improve procurement processes. ~~and~~

² E-procurement refers to the use of electronic procurement approaches including online procurement systems, and the electronic receipt of tenders. Where an e-procurement approach is used, the requirement remains to comply with Standing Orders, including obtaining competitive quotations where necessary. Guidance from the Finance Team should be sought before undertaking an e-procurement process.

- promote collaborative working where appropriate to make best use of existing expertise, resources, and to share best practice.

6. Procurement principles

6.1. The Authority's guiding principles for procurement are that:

- all procurement should contribute to the strategic and / or operational aims and objectives of the Authority, as set out in the Broads Plan²³.
- the Authority will apply a consistent, corporate, and collaborative approach to procurement across Directorates²³.
- the Authority will comply with all (UK and EU) legal requirements and relevant government guidelines in the procurement of goods and services, including regulations set down by Her Majesty's Revenue and Customs (HMRC)²³.
- the Authority will comply with the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations (2018). Where the procurement involves the production of a report to be shared online it must meet minimum standards. Further information can be found on the intranet under Accessibility and the Communications team.
- procurement is a long-term process and should include arrangements for effective contract management and review²³.
- the Authority will encourage collaboration and joint procurement initiatives with other bodies including (where appropriate) local authorities and national park authorities, to deliver best value services and secure value for money and economies of scale²³.
- the Authority will seek to further adaptation and mitigation to climate change through its purchases and will encourage the procurement of environmentally sound services and products. The Authority will seek to:
 - use recycled paper (with a target that over 80% of paper is made from recycled materials)²³.
 - achieve the lowest practicable power usage of all IT and electrical equipment²³ ~~and~~
 - use only FSC/PEFC (Pan European Forest Certification) accredited timber where possible²³.
 - Reduce its scope 1, 2 and 3 carbon emissions to meet its climate pledge to be carbon neutral by 2030 and carbon zero by 2040.

- the Authority will seek to use procurement to deliver community benefits, for example by promoting equalities and fair employment practices (including the Modern Slavery Act 2015), by including social value criteria within tender evaluations where appropriate ~~;~~ ~~and~~
- the Authority will seek to establish evaluation criteria for tenders which give an appropriate weighting to quality, cost, and social and environmental impacts. It is good practice to apply similar criteria to quotations sought for procurements below the tender threshold, where this is practical and appropriate to the goods or services being procured.

6.2. Within the framework of these overarching procurement principles, the Authority will have regard to the principles of Best Value and its own Core Values³. The Authority will apply a sound competition policy, which will be designed to provide value for money and to deliver goods and services of the required quality.

7. Best value

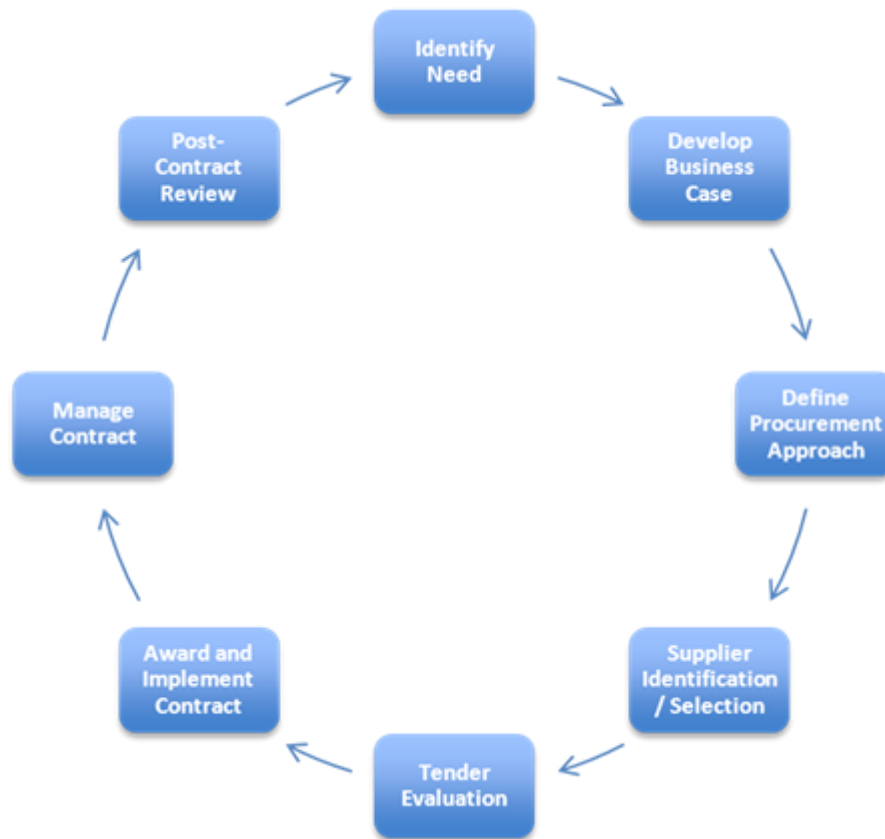
7.1. The principles of Best Value are based on the achievement of value for money through a combination of economy, efficiency, ~~and~~ effectiveness and equity, which are defined in the following terms:

- **Economy:** acquiring human and material resources of the appropriate quality and quantity at the lowest cost.
- **Efficiency:** producing the maximum output for any given set of resource inputs or using the minimum outputs for the required quantity and quality of service provided.
- **Effectiveness:** having the organisation meet the citizens' requirements and having a programme or activity achieve its established goals or intended aims.
- **Equity:** the extent to which the outcomes generated by the authority have been made accessible to all those who could benefit from them.

³ Core Values are important and enduring beliefs or ideals shared by the staff and members of the Broads Authority about what is good or desirable and what is not. They exert a major influence on our behaviour and serve as broad guidelines in all situations. They include commitment, caring, open and honest, sustainable, and exemplary.

8. The procurement process

- 8.1. The diagram below sets out the generic steps in the process for a larger procurement.



- 8.2. The procurement process should be seen as a cycle and the importance of the latter stages, including the ongoing management of contracts and post-contract review activities, should not be underestimated.

9. Good practice

- 9.1. The Authority seeks to conduct its affairs openly and transparently. All decisions about procurement should therefore be open and justifiable, and based on clear and relevant criteria (whilst having regard to the need to protect the confidentiality of information provided by bodies and individuals completing tenders). All procurement decisions must comply with the Authority's Financial Regulations and Standing Orders Relating to Contracts. The latter provide guidelines in respect of the procedures for preparing evaluation criteria, opening ~~tenders~~tenders, and letting contracts.
- 9.2. The procurement process is subject to scrutiny by a range of stakeholders, including the Authority's Internal and External Audit functions. It is essential that all stages of

the tendering process are properly recorded, in accordance with Standing Orders Relating to Contracts.

9.3. The Authority has established the following principles of good procurement:

- procurement processes should be designed to give the Authority sufficient information to form a view of the competence of potential service providers and suppliers, but without placing an undue burden on them.
- potential suppliers and service providers should understand clearly from the outset of any procurement what service standards are expected. They should be provided with adequate, accurate and timely information at all the relevant stages of the procurement process.
- all potential suppliers and service providers will be subject to the same requirements to ensure fair competition and will be treated equally throughout the procurement process.
- to promote innovation in service delivery, care should be exercised to avoid taking too narrow a view of how the service might be delivered as this may limit the options and deter potential providers.
- in order to be able to demonstrate that procurement has been undertaken in an open and transparent manner, the Authority will ensure that tenderers for larger contracts (with a value of over £25,000) are fully aware of the basis for bid evaluation and that all stages of the procurement process can be audited satisfactorily with reference to the Authority's Procurement Strategy and Financial Regulations, which will be made available to all tenderers.

9.4. The evaluation of tenders should be systematic, objective and well documented to provide a clear and logical audit trail. Unsuccessful tenderers should be told the outcome of the tender, and on what grounds their tender was unsuccessful. In the case of a tender conducted under the OJEU-FTS process, a standstill period must be incorporated into the timetable following the notification of the contract award.

9.5. The Authority will seek innovation in the delivery of services, while having due regard to the needs of economy, efficiency, and effectiveness and equity. The Authority therefore will not discount without careful consideration arrangements which might enable it to be more innovative in its approach to procurement, which might include working in partnership with other bodies or making greater use of electronic processes.

9.6. Contracts that involve construction / development of sites or exceed £250,000 are considered high risk / high value. ~~These type of contracts~~ These types of contracts

will require a risk assessment prior to the procurement process to ensure that appropriate consideration is given to the contract length, type of procurement, contract management required, whole of life cost and impact on the Authority. The Risk Management Policy provides guidance on risk identification. These contracts will also be subject to a post implementation review (PIR) to ensure that lessons learned are incorporated into future procurements.

- 9.7. For high risk / high value contracts, serious consideration should be given to a partnership arrangement.
- 9.8. All tenders should be prepared with due regard to identifying an appropriate approach to risk sharing, which ~~takes into account~~considers both cost implications and the party which is best placed to bear the individual risks.

10. Competition

- 10.1. The Authority encourages fair competition in accordance with the principles and objectives set out in this Strategy.
- 10.2. The Authority makes no assumptions on the best method for supply / service provision. Its policy is to procure contracts through open competition based on the Authority's procurement objectives and to determine contracts based on best value, ~~quality~~quality, and the most effective delivery of the service.
- 10.3. Existing (long-term and other) partnerships and / or contracts are not exempt from the competition requirement and will be reviewed regularly to assess whether they are continuing to deliver value for money, or whether changes should be made. Where it is considered that a contract is not delivering value for money, and / or is failing to meet the standards set out in the contract, further action may be considered.
- 10.4. Where it is established that there are no realistic competitors for the provision of a specialist service, this must be agreed and formally documented by the Chief Executive as a Waiver of Standing Orders.

11. Social value and "green" procurement

- 11.1. The Public Services (Social Value) Act 2012 places a duty on the Authority to consider, when undertaking certain types of procurement, how what is proposed to be procured might improve the economic, ~~social~~social, and environmental well-being of the local area, and how, in conducting the process of procurement, it might act with a view to securing that improvement. These issues should be considered at the pre-procurement stage and may include "social" specifications and contract performance conditions. It is essential that where social value is to be considered as

part of a tender response, the Authority's requirements are clearly set out within contract specifications, and appropriate criteria are established for tender evaluation.

11.2. Social considerations may include exploring how procurement activity can be used to:

- encourage apprenticeships;
- promote equalities;
- encourage development of the "living wage" ~~and~~
- promote opportunities for small, local firms.

11.3. The Authority expects main contractors to act fairly with those in their supply chains and, where feasible, will mandate timely payment to subcontractors through contract clauses.

11.4. The Authority will strive to ensure that all decisions in relation to the procurement of goods, materials and services are taken in line with its sustainability commitments, and that where opportunities arise, commercial relationships are formed and nurtured with partnering and contracting organisations who share the Authority's values on sustainability.

11.5. ~~In particular the~~The Authority will aim to minimise the environmental impact of its purchases/procurement through rigorous use of the "four R's". These are:

- **Reduce:** by only purchasing new goods that are ~~absolutely necessary~~necessary (~~i.e.~~, when it is not possible or viable to re-use or repair goods already purchased);
- **Re-use:** by purchasing products, where possible, that can be used many times rather than disposable items;
- **Repair:** by purchasing, where possible, products that have been designed and manufactured to allow for the repair and replacement of individual parts ~~and~~
- **Recycle:** by purchasing, where possible, products made from recycled materials, and / or that may be recycled themselves.

11.6. The Authority will seek to ensure that in all procurements the environmental aspect is ~~taken into account~~considered as an essential and integral part of the contract. This will entail specification writing, tender evaluation criteria and contract conditions which give adequate weight to the environmental dimension. When considering the sustainability criteria, these will take into account the full lifecycle of a procured

item, covering manufacture, use, and disposal at end of life. It is recognised that there can be some subjectivity in determining where to draw the line in balancing sustainability and cost. In a tendering exercise this should be reflected in the weighting criteria. In other procurements, the successful bidder will generally be determined ~~on the basis of~~based on the “most economically advantageous quotation” and the award criteria should therefore also be defined in advance to provide a suitable weighting for sustainability considerations. It is recognised that almost all procurements are ~~different~~different, and each case should be treated on its merits. If in doubt, staff should take advice from their appropriate Head of Service or Director. ~~In particular advice~~Advice should be sought from the ~~Chief Financial Officer~~Director of Finance if guidance is required on the drafting of tender evaluation criteria, ~~in order to~~to comply with Standing Orders Relating to Contracts.

~~11.6.~~

- 11.7. Care must be taken to ensure that where social or environmental criteria are used as part of tender evaluations, the requirements for transparency and fair competition are safeguarded. It is particularly important that the evaluation ~~takes into account~~considers the social or environmental elements of the goods or services to be ~~supplied, but~~supplied but should not seek to ~~make an assessment of~~assess the overall business activities of a prospective supplier.
- 11.8. The Authority will ensure that all vehicles acquired have low emissions of local air pollutants and climate change gases, having regard also to essential operational requirements, and will take account of the need to minimise emissions and exposure to air pollution when purchasing all goods and services.
- 11.9. The ~~Sustainability Exchange~~Carbon Reduction Project Manager is responsible for advising the Authority’s overall performance on environmental sustainability.

12. In-house and outsourced services

- 12.1. The Authority operates a predominantly “in-house” approach to service delivery. Where the Authority decides to investigate the outsourcing of any complete services, this would be undertaken ~~on the basis of~~based on a robust and comprehensive business case which would include a full options appraisal and cost comparison.

13. Contract management

- 13.1. Effective contract management is a key ongoing element of the procurement process, and relates to the proactive monitoring, review and management of contractual terms secured through a procurement activity. Contract management should be used to ensure that what is agreed in procurement is ultimately delivered

by the supplier and should therefore include monitoring of compliance with the agreed contractual terms and conditions. Following the completion of any significant contract, a review should be completed ~~in order for for~~ any lessons to be fed back into the procurement process to help to deliver continuous improvement.

14. National Procurement Strategy for Local Government in England

14.1. The National Procurement Strategy for Local Government in England 2022 sets out a vision for local government procurement and identifies ~~four~~ three key ~~areas~~ themes for development. The Authority will seek to ~~deliver in~~ promote these ~~areas~~ as follows:

- **Showing leadership:** Members and senior managers are engaged with the procurement process to ensure the quality of decision making improves, including oversight and accountability. The Authority will work with partners and strategic suppliers to provide a 'one team' approach to the design and implementation of solutions, to improve performance, reduce cost, mitigate risk, and harness innovation.
- **Behaving commercially:** The Authority will look to promote revenue generation and value generation through its plans for major third-party acquisitions. It will seek to support and encourage innovation and promote the development of new ideas and solutions to service delivery. Contracts will be effectively managed to control costs, secure quality and timeliness of agreed outcomes and performance levels and minimise the occurrence of risks, including strategic risk.
- **Achieving community benefits:** The Authority will look to create social value and engage locally with small medium enterprises (SMEs), voluntary, community and social enterprises (VCSEs) and micro-business through its tendering process. Social value is about improving economic, social, and environmental wellbeing from public sector contracts over and above the delivery of the services directly required and at no extra cost.

~~14.1.~~14.2. The strategy recognises that the following enablers will need to be addressed to achieve the Authority's ambitions in the key areas as: adding value, developing talent, exploiting digital technology, enabling innovation, and embedding change.

- ~~**Making Savings:** Procurement is recognised as a key activity which can deliver savings and efficiencies. The Authority engages with partner organisations where~~

~~appropriate to undertake joint procurement and establish shared service arrangements. Knowledge, posts and services are shared with appropriate partners. Processes for reviewing existing procurement arrangements are in place and this Strategy is aligned to best practice.~~

- ~~● **Supporting Local Economies:** The Authority will seek to maximise the economic, social and environmental benefits to communities of its procurement by including assessment criteria relating to these areas within tenders, where appropriate.~~
- ~~● **Leadership:** The Authority recognises the strategic importance of procurement, and this Strategy therefore emphasises the importance of contract management and confirms the role of procurement as a long term, cyclical process.~~
- ~~● **Modernising Procurement:** The Authority will employ e-procurement approaches where appropriate to streamline and simplify the tender process, and recognises the potential benefits offered by the new EU directives.~~

15. Review

- 15.1. This Strategy will be reviewed every three years, or more frequently where there are significant changes in the environment within which the Authority operates. Responsibility for ensuring that regular reviews are carried out lies with the ~~Chief Financial Officer~~Director of Finance.

Audit and Risk Committee

25 July 2023

Agenda item number 10

Internal Audit Annual Report and Opinion 2022/23

Report by Head of Internal Audit

Summary

This report provides the Authority with an Annual Report and Opinion for 2022/23, drawing upon the outcomes of Internal Audit work performed over the course of the year and a conclusion on the Effectiveness of Internal Audit.

Recommendation

The Committee is requested to:

1. Receive and approve the contents of the Annual Report and Opinion of the Head of Internal Audit.
2. Note that a reasonable audit opinion (positive) has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2023.
3. Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Authority's Annual Governance Statement for 2022/23.
4. Note the conclusions of the Review of the Effectiveness of Internal Audit.

1. Introduction/background

- 1.1. In line with the Public Sector Internal Audit Standards, which came into force from 1 April 2013; an annual opinion should be generated which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;
 - A summary of the work that supports the opinion should be submitted;
 - Reliance placed on other assurance providers should be recognised;
 - Any qualifications to that opinion, together with the reason for qualification must be provided;

- There should be disclosure of any impairments or restriction to the scope of the opinion;
 - There should be a comparison of actual audit work undertaken with planned work;
 - The performance of internal audit against its performance measures and targets should be summarised; and,
 - Any other issues considered relevant to the Annual Governance Statement should be recorded.
- 1.2. This report also contains conclusions on the Review of the Effectiveness of Internal Audit, which includes;
- The degree of conformance with the PSIAS and the results of any quality assurance and improvement programme;
 - The outcomes of the performance indicators; and,
 - The degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3. The Annual Report and Opinion 2022/23 and the Review of the Effectiveness of Internal Audit are shown in the report attached.
- 1.4. On the basis of Internal Audit work performed during 2022/23, the Head of Internal Audit is able to give a reasonable opinion (positive) on the framework of governance, risk management and control at the Broads Authority.
- 1.5. The outcomes of the Effectiveness Review confirm that Internal Audit:
- Is compliant with the Public Sector Internal Audit Standards;
 - Is continually monitoring performance and looking for ways to improve; and.
 - Is compliant with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.
- 1.6. These findings therefore indicate that reliance can be placed on the opinions expressed by the Head of Internal Audit, which can then be used to inform the Authority’s Annual Governance Statement.

Author: Faye Haywood, Head of Internal Audit

Date of report: 27 June 2023

[Broads Plan](#) strategic objectives: All

Appendix 1 – Annual Report and Opinion 2022/23

Eastern Internal Audit Services



BROADS AUTHORITY

Annual Report and Opinion 2022/23

Responsible Officer: Faye Haywood – Head of Internal Audit for Broads Authority

CONTENTS

1. INTRODUCTION	.....
2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT	.....
2.1 Roles and responsibilities	.....
2.2 The opinion itself	.....
3. AUDIT WORK UNDERTAKEN DURING THE YEAR	.....
4. THIRD PARTY ASSURANCES	.....
5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT	.....
APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2022/23	.....
APPENDIX 2 - ASSURANCE CHART	.....
APPENDIX 3 – EXECUTIVE SUMMARIES	.....
APPENDIX 4 – AUDIT RECOMMENDATIONS	.....
APPENDIX 5 – LIMITATIONS AND RESPONSIBILITIES	.....
APPENDIX 6 – EXTERNAL QUALITY ASSESSMENT REPORT EXTRACT	.....

1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive to provide a written report to those charged with governance (known in this context as the Audit and Risk Committee) to support the Annual Governance Statement (AGS). This report must set out:
- The opinion on the overall adequacy and effectiveness of the Authority’s framework of governance, risk management and control during 2022/23, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s Annual Governance Statement, but there are also a number of other important sources to which the Audit and Risk Committee and statutory officers of the Authority should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 5**.

2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

2.1 Roles and responsibilities

- The Authority is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.
- The AGS is an annual statement by the Chairman of the Authority and the Chief Executive that records and publishes the Authority’s governance arrangements.
- An annual opinion is required on the overall adequacy and effectiveness of the Authority’s framework of governance, risk management and control, based upon and limited to the audit work performed during the year.

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with Management Team and key stakeholders and then approved by the Audit and Risk Committee at its meeting in March 2022.

This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be taken into account during the preparation of the AGS.

The Audit and Risk Committee should consider this opinion, together with any assurances from management, its own knowledge of the Authority and any assurances received throughout the year from other review bodies such as the external auditor.

2.2 The opinion itself

The overall opinion in relation to the framework of governance, risk management and controls at the Broads Authority is **reasonable**, with all four audits concluding with a positive assurance grading in Key Controls and Assurance, Corporate Health and Safety, Corporate Governance Risk Management and Partnership Working.

The audit of Key Controls and Assurance; and Corporate Health and Safety, resulted in a substantial assurance.

No urgent priority findings have been raised at the Authority for 2022/23. It is for that reason it is felt that a reasonable assurance opinion overall applies.

In providing the opinion, the authority's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified therefrom have been taken into account.

The opinion has been discussed with the Section 17 Officer prior to publication.

3. **AUDIT WORK UNDERTAKEN DURING THE YEAR**

3.1 **Appendix 1** records the internal audit work delivered during the year on which the opinion is based. In addition, **Appendix 2** is attached which shows the individual assurances provided over recent financial years to provide an overall picture of the control environment.

3.2 Summary of internal audit work

The Audit and Risk Committee approved the Annual Internal Audit Plan for 2022/23, which is summarised at **Appendix 1** to this report and totalled 36 days as originally planned, encompassing:

- An annual opinion of Corporate Governance and Risk Management;
- A fundamental financial system review of Key Controls and Assurance, including verification of completion of audit recommendations;
- Corporate Health and Safety;
- Partnership Working.

A total of 10 recommendations were raised in 2022/23.

3.3 At **Appendix 3** to this report the Executive Summary for each report is provided.

3.4 Follow up of management action

In relation to the follow up of management actions the position at year end is that of the 10 recommendations raised and agreed in 2022/23, six are complete; one needs attention priority recommendation is outstanding; and three are within deadline.

- 3.4.1 One important priority recommendation remains outstanding from 2021/22 regarding HR and Payroll; one important and one needs attention recommendations also remain outstanding from 2020/21, regarding Port Marine Safety Code, and Corporate Governance and Risk Management. A summary showing progress against the implementation of agreed internal audit recommendations can be found at **Appendix 4**.

3.5 Issues for inclusion in the Annual Governance Statement

Internal Audit work has not identified any weaknesses that are significant enough for disclosure within the Annual Governance Statement.

4. **THIRD PARTY ASSURANCES**

- 4.1 In arriving at the overall opinion reliance has not been placed on any third-party assurances.

5. **ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

5.1 **Quality Assurance and Improvement Programme (QAIP)**

- 5.1.1 The Internal Audit team maintain a QAIP covering actions for service development, standards conformance, risk management, training and skills and performance monitoring. Throughout the year, progress against the QAIP is monitored and success is measured by completing the Internal Assessment, the External Assessment when applicable and in evaluating performance against our suite of KPIs.

5.1.2 Internal Assessment

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2020/21. This covers: the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

The Attribute Standards address the characteristics of organisations and parties performing Internal Audit activities, in particular: Purpose, Authority and Responsibility, Independence and Objectivity, Proficiency and Due Professional Care, and Quality Assurance and Improvement Programme.

The Performance Standards describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated, in particular: Managing the Internal Audit Activity, Nature of Work, Engagement Planning, Performing the Engagement, Communicating Results, Monitoring Progress and Communicating the Acceptance of Risks.

Through completion of the checklist, we can confirm that the service conforms with Definition of Internal Auditing, the Code of Ethics and the Performance Standards.

5.1.3 External Assessment

In relation to the Attribute Standards, it is recognised that to achieve full conformance an external assessment is needed. An external assessment was carried out in October 2022 by the Chartered Institute of Internal Auditors (IIA). We are pleased to report that EIAs received a 'generally conforms' result, with conformance in 60 out of 64 areas (two areas were not applicable, and two resulted in 'partially conforms'). An extract from the report is provided at **Appendix 6**. A full copy of the report can be provided to members upon request.

It was highlighted, that EIAs are particularly good at: reflection of the standards; focus on performance, risk and adding value; and QAIP. Positive feedback received from key stakeholders highlights that 'reports are the right length and the right format', and that EIAs are 'professional and have an excellent reputation'.

One area of partial conformance was highlighted in coordinating and maximising assurance. Since October, this area has been improved as part of annual internal audit planning. Within the Strategic and Annual Plans report 2023/24 presented in March 2023, an Assurance Map was provided, outlining the top risks, along with first, second and third lines of assurance.

The second area of partial conformance was raised to ensure that all EIAs clients receive an External Quality Assessment as it falls due on the five-year anniversary.

5.2 Performance Indicator outcomes

5.2.1 The Internal Audit Service is benchmarked against a number of performance measures. Actual performance against these targets is outlined in the following table:

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Finance Director Satisfaction	Annual	Good	Good	KPI achieved
<u>Internal Audit Process</u>				
2. APM issued minimum 20 working days before agreed start date	Quarterly	90%	25%	KPI not achieved (1 out of 4 issued in time)
3. Quarterly draft reports issued within 10 working days of the end of the quarter	Quarterly	95%	75%	KPI not achieved (3 out of 4 issued in time)
4. Quarterly final reports issued within 20 working days of the end of the quarter	Quarterly	95%	75%	KPI not achieved (3 out of 4 issued in time)
5. Quarterly performance pack reported to the contract manager within 15 working days of the end of the quarter	Quarterly	100%	75%	KPI partially achieved (3 out of 4 quarters)
6. Respond to the contract manager within 3 working days where unsatisfactory feedback has been received	Continuous	3 working days	3 working days	KPI achieved
7. PSIAS compliance – deep dive file review of files indicates good evidence saved on file	Quarterly	100%	100%	KPI achieved
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)	Continuous	Adequate	Good	KPI exceeded (4 surveys returned)
9. Percentage of recommendations accepted by management	Quarterly	90%	100%	KPI exceeded
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter	Quarterly	60%	94%	KPI exceeded
11. Number of training hours per member of staff completed per quarter	Quarterly	1 day	1 day	KPI achieved

5.2.2 As demonstrated by the above, the Internal Audit Contractor has not met our targets relating to timeliness. There is room for improvement particularly in the issuing of Audit Planning Memorandums.

The Head of Internal Audit and Audit Director TIAA meet weekly to discuss progress against the plan and an action plan has been developed to tackle this for the 2023/24 year ahead.

It is reassuring to note however that our KPIs relating to quality have been exceeded in all cases with satisfaction surveys providing good feedback about the work undertaken.

5.3 Effectiveness of the Head of Internal Audit (HIA) arrangements as measured against the CIPFA Role of the HIA

5.3.1 This Statement sets out the five principles that define the core activities and behaviours that apply to the role of the Head of Internal Audit, and the organisational arrangements to support them. The Principles are:

- Champion best practice in governance, objectively assessing the adequacy of governance and management of risks;
- Give an objective and evidence based opinion on all aspects of governance, risk management and internal control;
- Undertake regular and open engagement across the Authority, particularly with the Management Team and the Audit and Risk Committee;
- Lead and direct an Internal Audit Service that is resourced to be fit for purpose; and
- Head of Internal Audit to be professionally qualified and suitably experienced.

5.3.2 Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit. The detailed checklist has been forwarded to the Finance Director for independent scrutiny and verification.

APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2022/23

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Annual Opinion Audits							
Corporate Governance and Risk Management	Reasonable	4	1	0	0	0	3
Fundamental Financial Systems							
Key Controls and Assurance	Substantial	2	2	0	0	0	0
Service area audits							
Corporate Health & Safety	Substantial	2	1	0	0	1	0
Partnership Working	Reasonable	2	2	0	0	0	0
Total		10	6	0	0	1	3

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our audit review were being consistently applied.	2
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.	2
Limited Assurance	Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.	0
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.	0


Urgent – Priority 1	Fundamental control issue on which action to implement should be taken within 1 month.
Important Priority 2	Control issue on which action to implement should be taken within 3 months.
Needs Attention – Priority 3	Control issue on which action to implement should be taken within 6 months.

APPENDIX 2 ASSURANCE CHART








	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Opinion Audits					
Corporate Governance and Risk Management	Reasonable	Reasonable	Reasonable	Reasonable	X
Fundamental Financial Systems					
Key Controls and Assurance	Substantial	Reasonable	Substantial	Substantial	X
HR and Payroll			Reasonable		
Procurement	Reasonable				X
Services Area Reviews					
External Funding - HLF Bid and National Parks Partnership	Reasonable				
Asset Management					
Port Marine Safety Code		Limited			X
Branding					
Planning		Reasonable			
Corporate Health and Safety				Substantial	
Partnership Working				Reasonable	
IT Audits					
Toll Management Application					
Network Security					
Cyber Security			Reasonable		
End User Controls					
Disaster Recovery					
Virus Protection/Spyware, Data Backup and Data Centre controls					

APPENDIX 3 – EXECUTIVE SUMMARIES

Executive Summary – BA2302 Key Controls and Assurance


OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS								
 <p>The diagram shows a circular gauge with the text 'Adequate & effective governance, risk and control processes' around the top edge. Inside the gauge, a green segment is labeled 'SUBSTANTIAL ASSURANCE'. To the right of the gauge is a vertical stack of four colored buttons: green (Substantial Assurance), yellow (Reasonable Assurance), orange (Limited Assurance), and red (No Assurance).</p>	<p>Adequate controls were found to be in place for the following areas: Treasury Management/Investments; General Ledger; Asset Management; Budgetary Control; Accounts Receivable; Accounts Payable; Payroll; Cash and Bank; and Toll Income.</p> <p>There is a need to ensure that supporting evidence for control account reconciliations is signed and dated by the reviewing officer.</p> <p>The implementation of checks on VAT and Company Registration Numbers as part of the new supplier checks could mitigate the risk of fraud.</p> <p>Two suggested actions have been raised to improve the efficiency and/or effectiveness of existing controls. These relate to procedure notes for journal checking and linking POs to the accounting system.</p>								
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED								
<p>The audit has sought to provide assurance over the following key risk: “Non-compliance with key financial controls”.</p>	<p>Following a previous audit recommendation, the Authority has started to diversify its investment portfolio with the long-term aim to have 50% invested with the Debt Management Office (DMO).</p>								
SCOPE	ACTION POINTS								
<p>This audit looks at the fundamental systems that feed into the statement of accounts to provide assurance on the key financial controls. The areas reviewed as part of this audit are; Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Toll Income, Control Accounts, Payroll and Cash and Bank. It also includes a follow up of Internal Audit Recommendations.</p>	<table border="1"> <thead> <tr> <th data-bbox="1149 1201 1391 1273">Urgent</th> <th data-bbox="1391 1201 1632 1273">Important</th> <th data-bbox="1632 1201 1874 1273">Needs attention</th> <th data-bbox="1874 1201 2114 1273">Operational</th> </tr> </thead> <tbody> <tr> <td data-bbox="1149 1273 1391 1345">0</td> <td data-bbox="1391 1273 1632 1345">0</td> <td data-bbox="1632 1273 1874 1345">2</td> <td data-bbox="1874 1273 2114 1345">2</td> </tr> </tbody> </table>	Urgent	Important	Needs attention	Operational	0	0	2	2
Urgent	Important	Needs attention	Operational						
0	0	2	2						

Executive Summary – BA2303 Corporate Health and Safety

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS											
 <p>The diagram shows a central green circle labeled 'SUBSTANTIAL ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right, four horizontal bars represent assurance levels: 'SUBSTANTIAL ASSURANCE' (green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).</p>	<ul style="list-style-type: none"> <li data-bbox="1144 346 2112 456">  <p>The Health and Safety at Work Policy and the Code of Practice for risk assessments require review and update in line with the defined cyclical timescales.</p> <li data-bbox="1144 464 2112 558">  <p>The Hire Boat Licence Conditions were updated following a review of the Marine Accident and Investigation Branch report published in May 2022.</p> <li data-bbox="1144 566 2112 660">  <p>Risk Assessments reviewed were found to be up to date and fit for purpose.</p> <li data-bbox="1144 668 2112 812">  <p>Appropriate monitoring of health and safety incidents was evidenced through the annual incident report, which is presented to the Boat Safety Management Group although performance indicators could be considered to enhance incident reporting.</p> 											
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED											
<p>The strategic risk register contains two high scoring risks in relation to serious health and safety related incidents in operational works and boating.</p> <p>This review provides assurance on the management of the following risk - Death or serious injury to officers, volunteers, or members of the public in relation to carrying out operational works.</p>	<ul style="list-style-type: none"> <li data-bbox="1144 882 2112 992">  <p>Evidence was provided to show regular meetings between the Director of Operations and the Head of Safety Management with regard to agreeing required actions to improve the overall Health and Safety arrangements.</p> <li data-bbox="1144 1000 2112 1110">  <p>A review of the Broads Authority website confirmed that there is detailed and appropriate health and safety information published to provide guidance to the various stakeholders.</p> 											
SCOPE	ACTION POINTS											
<p>We have provided assurance over Health and Safety framework controls including a review of the Authorities policy, H&S reporting, and support provided by the Authority to Hire Boat operators.</p>	<table border="1" data-bbox="1144 1227 2112 1361"> <thead> <tr> <th data-bbox="1144 1227 1391 1297">Urgent</th> <th data-bbox="1391 1227 1630 1297">Important</th> <th data-bbox="1630 1227 1872 1297">Needs attention</th> <th data-bbox="1872 1227 2112 1297">Operational</th> </tr> </thead> <tbody> <tr> <td data-bbox="1144 1297 1391 1361" style="text-align: center;">0</td> <td data-bbox="1391 1297 1630 1361" style="text-align: center;">0</td> <td data-bbox="1630 1297 1872 1361" style="text-align: center;">2</td> <td data-bbox="1872 1297 2112 1361" style="text-align: center;">1</td> </tr> </tbody> </table>				Urgent	Important	Needs attention	Operational	0	0	2	1
Urgent	Important	Needs attention	Operational									
0	0	2	1									

Executive Summary – BA2304 Partnership Working

OVERALL ASSESSMENT



The diagram shows a central yellow circle labeled 'REASONABLE ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right is a legend with four colored circles: green for 'SUBSTANTIAL ASSURANCE', yellow for 'REASONABLE ASSURANCE', orange for 'LIMITED ASSURANCE', and red for 'NO ASSURANCE'.




ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk: “Failure to deliver externally funded schemes and partnership projects on time and within budget, leading to potential financial issues, lack of service delivery or adverse publicity.”



SCOPE

This area was last audited in 2009/10, and received Limited assurance. This audit checked, that all recommendations are still in place and being followed. Additionally, compliance with terms of the Nature for Climate Peatland Grant Scheme NCPGS: Discovery Grant agreement was reviewed. We have provided assurance that the requirements of the agreement are being met and the project is being managed in line with expectations.

KEY STRATEGIC FINDINGS

-  The Partnership Protocol and associated Checklist were introduced after the previous audit in 2010. These documents have not been updated and appear unused.
-  Fraud risk does appear in the risk registers at corporate and directorate level, but not in the risk register for the NCPGS Partnership.
-  There is £10,000 match funding in the Discovery phase of the NCPGS Project. In the 'Restoration' phase the requirement will be much higher.

GOOD PRACTICE IDENTIFIED

-  There are an estimated 13 million tonnes of CO2 stored in the peat of the Broads Authority. This project aims to maintain or improve that level of storage.
-  The NCPGS (Broads Peat Partnership Project) has clear links to the Aspirations and Themes contained in the Broads Plan.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	1	1	2

Executive Summary – BA2301 Corporate Governance and Risk Management

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risks: Unconstitutional decision making and realisation of risks, adversely impacting on the Authority's ability to operate effectively.

SCOPE

Our annual review of governance and risk management supports the Head of Internal Audit Opinion. This audit helps provide assurance that the systems in place to control and manage the Broads Authority are operating effectively and that significant risks are being identified and managed. The audit considered governance arrangements for decision making and the accountability and monitoring of performance.

KEY STRATEGIC FINDINGS



The 'Scheme of powers delegated to the Chief Executive and other authorised officers' is comprehensive and achieves its aims.



The Risk Management Policy provides details of how risks are to be defined, reviewed and managed at strategic and operational level, and who has responsibility for them.



Operational risks to be linked to organisational objectives in accordance with best practice.



Committee Terms of Reference are beyond their review date and require a detailed review and improvements made to their layout to aid transparency. The Hearings Committee (or similar committee) should be included in the published Committee Structure.

GOOD PRACTICE IDENTIFIED



The Member Code of Conduct uses the most up to date Local Government Association (LGA) version published. The Member Code of Conduct is well laid out, clear and concise.



The Risk Management Policy has been updated and approved by the Authority within the last 12 months.

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	0	4	5

APPENDIX 4 – AUDIT RECOMMENDATIONS

Audit Title	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
BA2102 Port Marine Safety Code	Recommendation 9: A briefing paper to be provided to Navigation Committee outlining requirements for a legal review to ascertain if a General Direction is required for larger vessels.	2	Head of Safety Management	31/10/2021	31/12/2023	Outstanding	The Authority is currently able to manage the safety of large vessels within our waters with Works Licensing and/or by issuing Special Directions. The use of a General Direction has not been needed for many years. Therefore, the Authority needs to carry out a full review of the General Directions under the Pilotage Act and we will need input from a Navigational Legal Expert and a 3rd Party specialist in Pilotage. The Head of Ranger Services is currently developing the Authorities approach and needs for Pilotage and a paper will be presented to Navigation Committee in 2023 seeking advice.
BA2104 Corporate Governance and Risk Management	Recommendation 2: In relation to the document management system (DMS), the following is undertaken: Notes are added to deferred items to explain which committee date the item has been deferred to; and to review if there is a way to match up/link the items on the forward plan to the generated items area.	3	Senior Governance Officer	31/07/2021	31/12/2023	Outstanding	Progress is on hold, as we are reliant on IT resource availability, which is currently focused on more urgent work.
BA2203 HR and Payroll	Recommendation 1: Staff resilience plans be reviewed to ensure that they are being used consistently across the organisation and that the activities are sufficient and effective when they have been used in practice	2	Directors	31/03/2022	30/11/2023	Outstanding	Several resilience plans have been completed and are in place, for the following areas: Strategic Services directorate; Finance, Asset Management and Governance. The rest of the resilience plans are currently being worked on.
BA2303 Corporate Health and Safety	The Health and Safety at Work Policy be reviewed and updated if necessary, in line with the defined cyclical timescales.	3	Head of Safety Management	31/10/2022	31/10/2023	Outstanding	The Health & Safety at Work Policy is currently in the process of a complete overhaul to provide a more structured policy.

APPENDIX 5 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

The Internal Audit Annual Report has been prepared and TIAA Ltd (the Internal Audit Services contractor) were engaged to undertake the agreed programme of work as approved by management and the Audit and Risk Committee, subject to the limitations outlined below.

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2022/23 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit briefs and reports.

Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate/service policies, aims and objectives: it can therefore only provide reasonable and not absolute assurance of effectiveness. Internal control systems essentially rely on an ongoing process of identifying and prioritising the risks to the achievement of the organisation's policies, aims and objectives, evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. That said, internal control systems, no matter how well they have been constructed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Internal Audit's assessment of controls relating to the Broads Authority is for the year ended 31 March 2023. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in the operating environment, law, regulation or other matters; or,
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

The Head of Internal Audit has sought to plan Internal Audit work, so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, additional work will then be carried out which is directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected and TIAA Ltd examinations as the Authority's internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

APPENDIX 6 – EXTERNAL QUALITY ASSESSMENT REPORT EXTRACT

Conformance Opinion

The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards.

There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that internal audit activity conforms to 60 of the 64 relevant principles, with partial conformance on two principles. Two of the principles were not relevant to EIAS as they relate to situations that have not occurred to date.

This is summarised in the table below.

Summary of conformance	Standards	Generally conforms	Partially conforms	Does not conform	Not relevant	Total
Definition of IA and Code of Ethics	Rules of conduct	12				12
Purpose	1000 - 1130	8				8
Proficiency and Due Professional Care (People)	1200 - 1230	4				4
Quality Assurance and Improvement Programme	1300 - 1322	5	1		1	7
Managing the Internal Audit Activity	2000 - 2130	11	1			12
Performance and Delivery	2200 - 2600	20			1	21
Total		60	2	0	2¹	64

¹ These relate to circumstances which prior to the external quality assessment were deemed not relevant, namely the Disclosure of Non-conformance and Engagement Disclosure of Non-conformance, which have not been necessary to date.

Audit and Risk Committee

25 July 2023

Agenda item number 11

Annual Governance Statement 2022/23 and Code of Corporate Governance 2023

Report by Senior Governance Officer

Summary

Every year the Broads Authority reviews its governance and internal control systems, including risk management, and publishes an Annual Governance Statement and action plan, supported by a Code of Corporate Governance, to show how it is complying with the principles of good governance. The Annual Governance Statement 2022/23 and Code of Corporate Governance 2023 are appended to this report.

Recommendation

To recommend the Annual Governance Statement 2022/23 to the Broads Authority for adoption and to note, subject to the implementation of improvements identified in the action plan, that the Authority's systems of governance and internal control are considered to be adequate and effective.

1. Introduction

- 1.1. As a public body, the Broads Authority is responsible for making sure it has strong and up to date governance and internal control systems that comply with the principles of "good governance". Under the Accounts and Audit (Amendments) Regulations 2022, we must publish our draft un-audited annual Statement of Accounts by 31 May. Section 15(2) states that the Statement of Accounts should be accompanied by an Annual Governance Statement (AGS) on the effectiveness of our systems during the year, and an action plan to address any identified weaknesses. Whilst the draft Statement of Accounts for 2022/23 have been made available on our website, unfortunately, it has not been possible to prepare by AGS, due to the revised shortened timescales. In previous years, the deadline was 30 November.
- 1.2. The AGS is guided by the "Delivering Good Governance in Local Government: Framework" which includes principles on integrity, ethical values and the rule of law; stakeholder engagement; sustainable economic, social and environmental benefits; leadership and resources; risk and performance; and transparency, reporting and review. Our internal and external audit, internal review and other reports, and the Code of Corporate Governance (CCG) all provide evidence for the AGS.

- 1.3. The Audit and Risk Committee is asked to review the AGS and present any suggested amendments or recommendations to the Broads Authority on 28 July. Once the Authority approves the Statement, it is signed by the Chair and Chief Executive and the Action Plan 2023/24 is implemented.

2. Code of Corporate Governance (CCG)

- 2.1. The CCG helps us to develop our governance framework based on best practice and external guidance. The Code is updated annually, with significant changes reported in the AGS and any actions included in the Action Plan. The CCG is signed by the Chair and Chief Executive and published on the Broads Authority website on the [how we work](#) page.

3. Audit opinion

- 3.1. The Head of Internal Audit's overall audit opinion in relation to the framework of governance, risk management and control at the Broads Authority in 2022/23 is reasonable, with two of the four audits (Corporate Governance & Risk Management and Partnership Working) having a reasonable (positive) assurance grading and Corporate Health and Safety and Key Controls and Assurance with a "substantial" assurance. The Authority's Management Team accepted the vast majority of the recommendations raised and assigned responsibilities and deadline dates, as shown in the AGS action plan (appendix 1).
- 3.2. In providing the opinion, the Authority's risk management framework and supporting processes, the relative materiality of the issue arising from the internal audit work during the year, and management's progress in addressing any control weaknesses identified from this were taken into account. The opinion was discussed with the Section 17 Officer prior to publication.

Author: Sara Utting

Date of report: 11 July 2023

Background papers: BA Annual report and opinion 2022/23

Appendix 1 – Annual Governance Statement 2022/23 and Code of Corporate Governance 2023

Annual Governance Statement 2022/23 & Action Plan 2023/24 and Code of Corporate Governance 2023

Published July 2023

Yare House
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Contents

About this Statement.....	3
1. Our governance framework	3
1.1. Purposes and duties	3
1.2. Strategy and policy	3
2. External factors influencing our governance arrangements.....	4
2.1. Environment Act and Agricultural Transition	4
Planning policy changes	5
2.2. Landscapes Review	5
3. Committees, staffing and financial arrangements.....	6
3.1. Committees	6
3.2. Officers	7
3.3. Financial arrangements	7
4. Decision making and openness	7
5. Ethics and integrity.....	8
Our core values	9
6. Engaging with stakeholders.....	9
7. Managing risk and performance	9
8. Internal and external audit.....	10
9. Conclusion and Action Plan	11
Appendix 1(a) - Audit recommendations: Action Plan 2023/24	12
Appendix 1(b) - Audit recommendations: Progress against Action Plan 2022/23	14
Broads Authority Code of Corporate Governance 2023.....	18
Broads Authority Code of Corporate Governance: Schedule (July 2023)	19

About this Statement

As a public body, the Broads Authority is responsible for making sure its governance and internal control systems are robust, up-to-date and in line with the principles of good governance. This is about conducting our business in accordance with the law and with proper standards, using public money wisely and efficiently, and having the right arrangements in place to protect our assets and meet our strategic aims. It is also about our members and officers representing the shared values and culture of the organisation.

To show how we are complying with good governance, we prepare an **Annual Governance Statement**¹ and publish it alongside our annual Statement of Accounts. The Statement is guided by '[Delivering Good Governance in Local Government](#)', which includes principles on integrity, ethical values and the rule of law; stakeholder engagement; sustainable economic, social and environmental benefits; leadership and resources; risk and performance; and transparency, reporting and review.

The Statement includes an annual action plan to address any weaknesses identified by internal and external audit, self-assessment and other reporting including our [Code of Corporate Governance](#) (Appendix 2).

This Annual Governance Statement was adopted on 28 July 2023. Our action plan 2023/24 and a review of last year's action plan are at Appendices [1\(a\)](#) and [1\(b\)](#).

1. Our governance framework

1.1. Purposes and duties

The Broads Authority is a statutory body with similar responsibilities to those of the English, Welsh and Scottish National Park Authorities². It is the local planning authority, and a harbour and navigation authority. It has a duty to manage the Broads to conserve and enhance its natural beauty, wildlife and cultural heritage, to promote opportunities for the public to understand and enjoy its special qualities, and to protect the interests of navigation.

In managing the area, the Authority must have regard to the national importance of the Broads for its natural beauty and opportunities for open-air recreation, the desirability of protecting its natural resources from damage, and the needs of agriculture and forestry and economic and social interests of those who live or work in the area. The Authority also has the duty to maintain the navigation area to such standard as appears to be reasonably required and to develop and improve it as it thinks fit.

1.2. Strategy and policy

The [Broads Plan](#) is the key partnership strategy for the Broads, setting out a long-term vision and short-term objectives to benefit of the environment, local communities and visitors. The

¹ Regulation 6(1)(a) and (b) of the Accounts and Audit Regulations 2015

² The Broads Authority was established under the Norfolk and Suffolk Broads Act 1988. Further provisions for the management of the area were made through the Broads Authority Act 2009.

current Plan was adopted in Autumn 2022) and covers the period 2022-2027. Sitting under the Broads Plan are more detailed [guiding strategies](#), generally focusing on a single theme and covering a short-term period of 3-5 years.

The [Broads Local Plan](#) (adopted in 2019) sets out the policies used in determining planning applications for the plan period up to 2036. We also produce supporting supplementary planning documents such as the [Flood Risk SPD](#), and [planning design guidance](#), to help with the interpretation and implementation of policies. The Local Plan is subject to regular review, and the current review is underway, with consultation on Issues and Options in late 2022.

Our [Annual Business Plan](#) outlines our work priorities for the coming year and summarises last year's progress. The Plan is a link between the strategies for the Broads and our Directorate work plans. The [Annual Business Plan 2023/24](#) outlines our work plans for 2023/24 and 3-year financial strategy for 2023/24 to 2025/26.

Each year we also identify a small set of strategic priorities, focused on Authority-led projects that have high resource needs or a very large impact on the Broads, or that are politically sensitive. This helps us target our resources and make the most of partnership working and external funding opportunities. We report on their progress at each [Broads Authority](#) meeting.

2. External factors influencing our governance arrangements

2.1. Environment Act and Agricultural Transition

The changes to environment and agricultural policies have significant bearing on funding and deliverability of projects and land use change in the Broads.

The Environment Act (2021) aims to improve air and water quality, protect wildlife, increase recycling and reduce plastic waste. The Act is part of a new legal framework for environmental protection, given the UK no longer comes under EU law. Section 40 of the Environment Act places a legal responsibility on public authorities in England to have due regard for habitats and species of the greatest conservation importance, whilst protecting all biodiversity.

In parallel, as part of the Agricultural Transition, government is rolling out Environmental Land Management schemes, with three schemes to pay for environmental and climate goods and services:

- the Sustainable Farming Incentive (SFI) will pay farmers to adopt and maintain sustainable farming practices that can protect and enhance the natural environment alongside food production
- Countryside Stewardship (CS) will pay for more targeted actions relating to specific locations, features and habitats.
- Landscape Recovery will pay for bespoke, longer-term, larger scale projects to enhance the natural environment.

New funding is provided through the [Farming in Protected Landscapes](#) (FiPL), also as part of Defra's Agricultural Transition Plan. It offers funding to farmers and land managers in AONBs, National Parks and the Broads.

The [England Peatland Action Plan](#) was published in 2021 and sets out the government's long-term vision for the management, protection and restoration of our peatlands, for the benefits of wildlife, people and the planet. The Caudwell Report for lowland peat, published in June 2023, sets a roadmap for lowland peat to reduce greenhouse gas emissions. Funding is provided through the [Nature for Climate Scheme](#), to develop and implement peatland restoration projects.

Natural England's proposed [revision of SSSI condition](#) is to assess the whole feature assessment rather than the current SSSI unit-based approach. This would alter restoration trajectories and what needs to be put in place to deal with the pressures on SSSI sites in the Broads.

Planning policy changes

Different changes to planning policy need to be considered, as follows:

- Planning policy was introduced to control the impact of Nutrient Enrichment (phosphorus and nitrogen) from development on water quality to protect Special Areas of Conservation (SACs).
- Biodiversity Net Gain (BNG) is a strategy to develop land and contribute to the recovery of nature. It is a way of making sure the habitat for wildlife is in a better state than it was before development. BNG will be mandatory from November 2023, and from April 2024 for small development sites. Recreational Access Mitigation Strategy (RAMS) tariff is collected by councils to allow funding of a package of measures to manage and reduce the impact of people making extra visits to Special Areas of Conservation (SACs) in the counties.

2.2. Landscapes Review

The [Landscapes Review Final Report](#) was published in September 2019, setting out 27 proposals to protect and improve England's protected landscapes. The Government's response to the Review was published on 15 January 2022 and can be found at: [Landscapes review \(National Parks and AONBs\): government response - GOV.UK \(www.gov.uk\)](#). A member workshop was held on 24 February 2022 to discuss the proposals in detail and the Authority's formal response was agreed at the Authority meeting in March 2022 and submitted to Defra. We considered the Landscape Review's key points as we carried out the Broads Plan review in 2022. Government published its response in April 2022, and some issues have been dealt with as part of the recently published (January 23) Environmental Improvement Plan. Matters that require changes to legislation are still being discussed as part of the progress of the Levelling Up and Regeneration Bill.

3. Committees, staffing and financial arrangements

3.1. Committees

The Broads Authority has unique governance arrangements, reflecting the interests of both national and local stakeholders. Of its 21 members, ten are appointed by the Secretary of State, nine are locally elected County and District Councillors, and two are co-opted from the Navigation Committee. Other than Planning Committee and those matters specifically delegated to the Chief Executive, all matters are dealt with by the full Broads Authority as the prime decision maker. Routine decision making is delegated by members to officers of the Authority through [the Scheme of Powers delegated to Chief Executive and other authorised officers](#).

The [Broads Authority](#) (the full Board) meets six times a year. Members also get invited to site visits or workshops as required, to give members more time to interact informally outside the main business meetings and to see what is happening out in the Broads. There is a transparent process for the annual appointment of Chairs and Vice-Chairs, committee membership and appointments to outside bodies, which allows members to express their preferences for serving on particular committees and outside bodies. The Chairs' Group gives all Chairs and Vice-Chairs an active role in maintaining an overview of the work of the various committees, and supporting the Chair and Chief Executive.

The [Audit and Risk Committee](#) has limited decision making powers and meets three times a year. It is responsible for examining our governance, internal control and risk management framework, and taking a strategic view on whether our allocated resources are being used effectively.

Our functions as a Local Planning Authority are carried out by the [Planning Committee](#), with powers delegated to officers in line with national legislation. It is a decision-making committee and normally meets every four weeks. [Planning decisions](#), whether made at Committee or through delegated powers, are published on our website.

The [Navigation Committee](#) advises the Authority's on significant matters affecting the navigation area. While it does not make decisions, if the Authority does not accept the Committee's recommendations it must give reasons. There are five meetings a year, and members are also invited to the Authority's site visits and workshops.

The [Broads Local Access Forum](#) is a semi-independent body that advises the Authority on improving public access to land within the Broads executive area. The Forum meets at least twice a year.

The Authority has two **Independent Persons**, appointed for a 4-year period, who are consulted to help the Authority achieve high ethical standards. The current postholders were appointed in January 2021 until the annual meeting in July 2024 (the appointments were delayed by the cancellation of the 2020 annual meeting and an extension to the previous terms of office). One of the Independent Persons was also appointed to the Water Skiing and Wakeboarding Appeals Panel for the same term. This role includes being

consulted on the appointments of members of those panels under Schedule 3 para 3(c) of the Broads Authority Act 2009.

3.2. Officers

The Authority has 142 full-time equivalent staff. There are four statutory officers who carry out specific duties. They are the Head of Paid Service (Chief Executive), Section 17 Officer (Director of Finance), Navigation Officer (Head of Ranger Services) and Monitoring Officer.

The Chief Executive, Director of Finance, Director of Strategic Services and Director of Operations make up the Management Team. There are seven Section Heads, covering the following sections: Construction, Maintenance & Ecology; Communications; Human Resources; ICT & Collector of Tolls; Planning; Ranger Services and Safety Management. The Management Team meets weekly and liaises regularly with the Section Heads through the Management Forum. We are also required to have a Data Protection Officer, and this role is currently held by the Director of Operations as a qualified Data Practitioner.

3.3. Financial arrangements

It is considered that the Authority's financial management arrangements conform with CIPFA's [Statement on the Role of the Chief Financial Officer in Local Government](#) (2016). As a key member of the Management Team, the Director of Finance is actively involved in material business decisions to help the Authority develop, resource and implement its strategic plans sustainably and in the public interest.

We have a number of procedures in place to make sure we obtain best value for money in all we do, and we review them all on a regular basis. The Financial Regulations were reviewed in November 2022. Our Counter Fraud, Corruption and Bribery Strategy was updated in March 2023 and our Standing Orders Relating to Contracts (SORC) in July 2023. We also reviewed our Procurement Strategy in July 2023 and our Capital, Treasury and Investment Strategy in March 2023. Both the SORC and Procurement strategy will be considered by ARC on 25 July 2023. An initial assessment against CIPFA's Financial Management Code was received by Audit and Risk in July 2021 and progress is monitored against the action plan and is due to be presented to ARC in July 2023.

We monitor the effectiveness of our internal financial control systems through the consideration of regular internal audits, performance management and budget monitoring reports, and through reporting to ARC.

4. Decision making and openness

Our arrangements for decision making are set out in publicly available documents, published on our website at [Constitutional documents \(broads-authority.gov.uk\)](#). These include standing orders, terms of reference of committees, codes of conduct, scheme of delegated powers and protocol on member and officer relations. In 2019/2020 we commissioned Birketts LLP to review a number of our constitutional documents to make sure they are fit for purpose, in line with best practice and legislation, and easy to understand. The progress of this work was delayed by Covid-19 and rescheduled work

priorities but to date, revisions of the Social Media Policy and Scheme of Delegated Powers have been adopted by the Authority. An updated Member Code of Conduct was adopted by the Authority in July 2021, based on the LGA's new model code, together with a revised Register of Interests form, and a revised complaints procedure in December 2022. Both the Code of Practice for Members of the Planning Committee and Officers and the Protocol on Member and Officer Relationships were updated and adopted by the Authority in September 2021. New Standing Orders – procedure rules for remote meetings were adopted in November 2021 for those meetings of the Audit and Risk Committee and Navigation Committee to be held remotely. Work is ongoing to complete the review of remaining documents including our Standing Orders for Authority proceedings.

In January 2023, following an external review into a formal complaint, the Authority adopted a series of recommendations for improvements in the organisation's governance and procedures. The work is underway and referred to the Audit and Risk Committee for detailed consideration and implementation.

Our committees each have distinct terms of reference. Meetings are held in public, apart from agenda items that are exempt under legislative guidance, and members of the public may ask questions. Our committee meetings are audio recorded and the public may request a copy of the recording.

Staff roles and responsibilities are defined through job descriptions and regularly updated policies and procedures, including an officer code of conduct and annual performance appraisals. In 2019/2020 we started to use the Best Companies Employee Survey. Our first Best Companies Index score was classed as 'good', which in terms of accreditation means we are 'one to watch'. The next survey was run at the end of 2021, and the outcome was again good, "one to watch". The survey is due to be repeated towards the end of 2023.

The Freedom of Information Act (FOIA) and the Environmental Information Regulations (EIR) give rights of public access to information held by public authorities, including the Broads Authority. Our [Publication Scheme](#) highlights the information we publish, how we make it available, and our charging policy. Our commitment to protecting people's privacy and processing personal data in accordance with data protection legislation is set out within our [Data Protection Policy](#).

5. Ethics and integrity

Under the Localism Act 2011 we have the duty to promote and maintain high standards, and we work to embed this throughout our governance and internal control systems. The seven principles of public life (known as the Nolan Principles) are incorporated in the Members' Code of Conduct which was reviewed, and the updated version adopted in July 2021. Our Independent Persons provide external scrutiny of our standards processes.

We also have our own set of corporate core values (below), which are promoted to officers and members through posters and screen savers, codes of conduct and protocols, recruitment and appraisal processes, and development programmes.

Our core values

- **We show commitment** - Working together for a common purpose; Showing flexibility, trust and enthusiasm; Delivering on our promises
- **We are caring** - Setting realistic and properly resourced workloads; Supporting each other to get things done; Giving praise and daring to challenge
- **We are exemplary** – Being visible, approachable and professional; Making sound judgements on strong evidence; Aiming higher, smarter and always inspiring
- **We are open and honest** – Being fair and consistent in our words and actions; Always willing to ask, listen and respond; Doing what’s right and being accountable
- **We are sustainable** – Looking after our resources wisely; Understanding the impact of our choices; Doing work that adds real value

6. Engaging with stakeholders

We encourage our partners, interest and user groups and local communities to engage with us in various ways. This includes drop in events such as partnership working groups and Parish Forums, direct contact such as officers or members attending user group meetings, public events, digital and social media, and formal written consultations. We also seek public opinion through surveys and the user analysis of our website and Facebook and Twitter feeds.

[Broads Engage](#) brings together many of the ways people can hear about and have a say on the use and management of the Broads. We also continued to engage with stakeholders through remote means, which can be more accessible to certain demographics.

At the launch of the Broads Plan 2022-2027, the Broads key partners have met regularly to monitor the implementation of the Broads Plan. A key project of the Broads Partnership is to develop a bid for the Landscape Recovery scheme, which is one of new environmental land management schemes set up by Defra.

7. Managing risk and performance

The Audit and Risk Committee’s (ARC) responsibilities include gaining assurances, from a range of measures and reports, that the Authority is obtaining value for money in the use of its resources, and that risk and performance are being actively managed to achieve best results.

We have a **Corporate Risk Register (CRR)** and three **Directorate Risk Registers (DRRs)**, together with a Risk Management Policy. The registers are reviewed quarterly by Management Team, and at every meeting of ARC. Any mitigated risk on a DRR that scores as a ‘high risk’ is referred to the CRR for monitoring. The Risk Management Policy is reviewed and updated every two years and is next due for review in January 2024.

Our **Business Continuity Plan** provides critical information to enable the Authority to continue operating during an unplanned significant event, including loss of premises,

IT/telecommunications systems and utilities; national lockdown (e.g. pandemic) and major travel disruption. The plan relates to events that impact all or most of the Authority's operations and that require immediate action. Measures to respond to other identified and predictable business risks (such as significant loss of income or key staff) are covered elsewhere, including within our risk registers, resilience plans, and individual project plans.

A **weekly recorded briefing** from officers is made available to all staff, members and volunteers every week.

We have **internal financial controls** to reflect good practice and make sure our finances are managed securely to minimise risk. These include approved budgets, separation of duties and authorised signatures. We also maintain a database of all our land and property assets and an **Asset Management Strategy** that includes an asset disposal policy, to help us plan our maintenance and replacement programme and reduce the risk of unexpected costs.

Our **performance** across our operations is assessed at regular Management Team meetings, with financial reports and budgets considered monthly and reports provided to Members at each Authority meeting.

There is a **whistleblowing policy** for our staff, with a separate policy for Members adopted at the 29 July 2022 Authority meeting, and the Monitoring Officer has a duty to write a report if the Authority or any of its committees proposes action that would be unlawful or amount to maladministration.

8. Internal and external audit

Our **internal and external auditors** are the main independent sources of assurance on the operation of our governance framework and the Statement of Accounts.

An external provider reviews the effectiveness of our **internal control systems**, which includes our **internal audit function**. This helps to emphasise audit's key role and its connection to governance, risk management and internal control. The broad categories for internal audit are annual opinion, corporate governance, fundamental financial systems, service area audits and significant computer systems. The Head of Internal Audit (HIA) develops an annual **strategic audit plan** using a risk-based approach. The annual opinion is given on the overall adequacy and effectiveness of the Authority's internal control environment, highlighting significant issues.

The Management Team responds to each recommendation in the internal audit report, stating whether it is agreed and what action will be taken. The ARC receives a summary of internal audit work during the year and progress on implementing audit recommendations. Any significant concerns are reported up to the Broads Authority. The Authority is also informed of the work of the appointed External Auditors, including the Annual Audit letter from the External Auditors.

The **HIA's overall audit opinion** in relation to the framework of governance, risk management and control at the Broads Authority in 2022/23 is **reasonable**, with two of the four audits (Corporate Governance & Risk Management and Partnership working) concluding with a reasonable (positive) assurance grading and Corporate Health and Safety and Key Controls and Assurance concluding with a "substantial" assurance. The Authority's Management Team accepted the recommendations raised and assigned responsibilities and deadline dates, as shown in Appendix 1(a) below.

In providing the opinion, the Authority's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year, and management's progress in addressing any control weaknesses identified from this were taken into account. The opinion was discussed with the Section 17 Officer prior to publication.

9. Conclusion and Action Plan

No significant governance weaknesses have been identified.

Our Annual Governance Statement Action Plan 2023/24 and a summary of progress against last year's action plan are at Appendix 1. We are satisfied the Plan will address the identified minor issues, and we will report back on its implementation as part of our next Statement.

Bill Dickson (Chair of the Authority)

John Packman (Chief Executive)

Dated: 28 July 2023

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Appendix 1(a) - Audit recommendations: Action Plan 2023/24

Table 1

Actions arising from 2022/23 audit and outstanding actions from previous audits

Audit recommendation	Lead officer	Target/status
Governance and Risk Management		
<p>R2: Change to committee meetings In relation to the document management system (DMS), the following is undertaken:</p> <ul style="list-style-type: none"> • Notes are added to deferred items to explain which committee date the item has been deferred to; and • To review if there is a way to match up/link the items on the forward plan to the generated items area. 	Senior Governance Officer	31/12/2023
Port Marine Safety Code		
<p>R9: Pilotage The General Direction for larger vehicles and navigation on works guidance be finalised</p>	Head of Ranger Services	31/12/23
Corporate Health & Safety		
<p>R1: Health & Safety at Work policy The Health & Safety at Work Policy be reviewed and updated if necessary, in line with the defined cyclical timescales. This will mitigate the risk of health and safety issues arising due to outdated policy</p>	Head of Safety Management	31/12/2023
Corporate Governance		
<p>R1: Governance Framework The Terms of Reference of the Authority and committees be updated following consideration of the report by VWV.</p>	Monitoring Officer / Senior Governance Officer	By 22/09/23
<p>R2: Governance Framework Following publication of the VWV report, include the Hearings Committee (or similar) in the</p>	Monitoring Officer / Senior	By 22/09/23

published committee structure, given its roles and responsibilities	Governance Officer	
R4: Risk Management Framework During the service plan refresh exercise, to identify, link, record and manage risks that threaten the achievement of operational objectives.	Senior Governance Officer	By 31/03/24

Appendix 1(b) - Audit recommendations: Progress against Action Plan 2022/23

Table 1

Actions arising from 2021/22 audit and any outstanding actions from previous audits

Audit recommendation	Lead officer	Target/status
Procurement		
R7: Procurement training is provided to all relevant members of staff, and members, where applicable.	Director of Finance	30/09/22 Action completed
Communications and branding		
R2: Branding strategies, guidelines, procedures BA Communications Policy be updated to include the roles and responsibilities for overseeing management of correct branding. This should be included within a separate branding section, which the policy does not currently have.	Head of Comms	30/09/22 Action completed
R5: Use of logos A review and update of the communications page on BA's intranet be undertaken once National Parks branding strategy and associated documents, incl. local Broads National Park strategy and BA Communications Policy, are finalised. This should be relaunched with staff, incl. provision of staff and member training in relation to branding, incorporating use of both BA logo and Broads National Parks logo. Comms intranet page should include comms team details, branding strategies and comms policy, and BA New Signs Guide.	Head of Comms	30/09/22 Action completed

Corporate governance and risk management		
<p>R2: Change to committee meetings In relation to the document management system (DMS), the following is undertaken:</p> <ul style="list-style-type: none"> Notes are added to deferred items to explain which committee date the item has been deferred to; and <p>To review if there is a way to match up/link the items on the forward plan to the generated items area.</p>	Senior Governance Officer	31/12/22 Carried forward to 2023/24 Updated to 31/12/23
Port Marine Safety Code		
<p>R5: Governance The Port Marine Safety Code Performance Indicators (PIs) published within the Authority's PMSC and those published on the Authority's website be reviewed to ensure they are consistent with each other and reflect all areas of the PMSC. The website should also be updated to reflect the latest annual PI outturns.</p>	Head of Safety Management	31/01/23 Action completed
<p>R9: Pilotage The General Direction for larger vehicles and navigation on works guidance be finalised.</p>	Head of Safety Management	28/02/2023 Carried forward to 2023/24 Updated to 31/12/23
HR & Payroll		
<p>R1: Staff absence resilience plans be reviewed, to ensure that they are fit for purpose and used consistently across the Authority.</p>	Directors	30/09/22 Action completed
<p>R4: Policies and procedures HR policies be reviewed and updated, to reduce the risk of staff being provided with outdated advice and information</p>	Head of HR	31/12/22 Action completed

Key Controls		
R1: Treasury Management Investment portfolio to be diversified to avoid loss in funds if a financial institution failed.	Director of Finance	31/07/22 Action completed
Cyber security		
R1: Data Security Backup integrity and recovery testing must take place annually to ensure that they can be recovered as expected during an incident. We note that there are occasional file restores on request from users. However, this cannot constitute adequate full testing as required by this level.	Head of ICT and Collector of Tolls	31/01/2023 Action completed
R2: Results of backup testing must be used to inform and improve the process via lessons learned sessions.	Head of ICT and Collector of Tolls	31/01/2023 Action completed
R3: Incident Management A formal IT incident management process must be established, including triage and escalation requirements. We have noted that this is in place, but that it requires review, having been last reviewed in January 2019 prior to the start of the COVID-19 pandemic.	Head of ICT and Collector of Tolls	31/10/2022 updated to 30/11/22 Action completed
R4: To achieve level IM3, full compliance with IM2 is required. In addition, IT staff must have a level of incident management training provided or disaster recovery/ business continuity exercises must be undertaken regularly. We note that this level would have been compliant in its own right had the scoring not required it to be marked as partial.	Head of ICT and Collector of Tolls	31/10/2022 updated to 31/01/23 Action completed

<p>R5: To achieve level IM4, full compliance with IM2 and IM3 is required. In addition, incidents must be reported and presented to senior leadership. We note that this level would have been compliant in its own right had the scoring not required it to be marked as partial.</p>	<p>Head of ICT and Collector of Tolls</p>	<p>31/01/2023 Action completed</p>
<p>R6: To achieve level IM5, full compliance with IM2, IM3 and IM4 is required. In addition, incidents must include a review and 'lessons learned' sessions, as to improve the future response. We note that this level would have been compliant in its own right, had the scoring not required it to be marked as partial.</p>	<p>Head of ICT and Collector of Tolls</p>	<p>31/01/2023 Action completed</p>

Appendix 2 - Broads Authority

Code of Corporate Governance 2023

The Code of Corporate Governance helps the Broads Authority, as a public body, to develop its governance framework based on good practice and external guidance, and to demonstrate compliance with the principles of good governance.

Good governance is about making sure we do the right things, in the right way and for the right people in a timely, inclusive, open, honest and accountable manner. It is the systems and processes, and the values and principles, which direct and control what we do and how we relate to our communities. A key focus for good governance within the public sector is to achieve sustainable results that benefit the economy, the environment and society.

Our Code of Corporate Governance is based on the core principles in the CIPFA/SOLACE Framework [Delivering Good Governance in Local Government](#). We also have our own set of core values to underpin the behaviour of our Members and staff, who share responsibility for good governance.

We review and update the Code every year through consultation with senior staff, the Head of Internal Audit and the Chair of the Audit and Risk Committee. Any significant areas of concern raised in the review are referred to our Management Team or to the appropriate committee for comment or decision.

The Chief Executive is delegated to make necessary changes to the Code as a result of the review to keep it up-to-date. Significant changes to the Code are reported to the Authority in July as part of the Annual Governance Statement, and any new or outstanding actions are included in the Statement's Action Plan for the following year. The Code for 2022 was approved by the Authority on 29 July 2022 and signed off by the Chair and Chief Executive.

Bill Dickson (Chair of the Authority)

John Packman (Chief Executive)

Date: 28 July 2023

Broads Authority Code of Corporate Governance: Schedule (July 2023)

This schedule represents what we do, or intend to with immediate effect, to demonstrate our compliance with the principles of good governance in local government. The core principles and sub-principles are taken from the CIPFA/ SOLACE Framework [Delivering Good Governance in Local Government](#) (2016). We will review our performance against the Code during 2023/24 and report the results to the Audit and Risk Committee and subsequently to the Broads Authority in July 2024 as part of the Annual Governance Statement.

Table 1

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Sub-principles	Our evidence to support this principle
<p>Behaving with integrity</p> <p>Behaving with integrity and leading a culture where acting in the public interest is visibly and consistently demonstrated, thereby protecting the reputation of the organisation</p> <p>Establishing and communicating specific standard operating principles or values for the organisation and its staff, building on the Seven Principles of Public Life (the Nolan Principles)</p> <p>Leading by example, embedding the above principles in effective, up-to-date policies and processes and using them as a framework for decision making and other actions</p>	<ul style="list-style-type: none"> • Annual Governance Statement and Action Plan • Appointment of Independent Persons • Audit and Risk Committee oversight • BA Core Values • Codes of Conduct for Employees, Members and Planning Committee Members • Declaration of Gifts and Hospitality for Members and officers • Disciplinary Procedures for Officers • Financial Regulations, Contract Standing Orders and Procurement Strategy • Guide for Local Authority appointees to the Broads Authority • Internal and External Audit • Local Protocol on Member and Officer Relations • Member and officer induction and annual appraisals • Members’ Counter Fraud, Corruption and Bribery Strategy & Response Plan • Register of Interests for Members and declarations of interests made at meetings and recorded in minutes • Register of Interests for officers • Related party declarations note as part of the Statement of Accounts. • Safeguarding Policy

	<ul style="list-style-type: none"> • Social Media Policy • Standing Orders for the regulation of Authority proceedings • Standing Orders Relating to Contracts • Terms of Reference of Committees • Whistleblowing Policy for Members • Whistleblowing Policy for Officers
<p>Demonstrating strong commitment to ethical values</p> <p>Establishing, monitoring and maintaining the organisation's ethical standards and performance</p> <p>Underpinning personal behaviour with ethical values that permeate all aspects of the organisation's culture and operation</p> <p>Developing and maintaining robust policies and procedures that place emphasis on agreed ethical values</p> <p>Making sure external providers of services on behalf of the organisation act with integrity and in compliance with ethical standards expected by the organisation</p>	<ul style="list-style-type: none"> • Annual performance appraisal for Members and officers • BA Core Values • Best Companies Index employee survey • Codes of Conduct for Employees, Members and Planning Committee Members • Equality Policy • Guide for Local Authority appointees to the Broads Authority • Procurement Strategy and procedures • Recruitment & Selection Policy and procedures • Use of Independent Persons in complaints procedures • Whistleblowing Policy for Members • Whistleblowing Policy for Officers
<p>Respecting the rule of law</p> <p>Demonstrating a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</p> <p>Making sure statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</p> <p>Making the best use of the full powers available for the benefit of citizens, communities and other stakeholders</p>	<ul style="list-style-type: none"> • Codes of Conduct for Employees, for Members, and for Planning Committee Members and Officers • Committee structure in place with Terms of Reference, including powers reserved to the BA • Compliance with CIPFA's statement on the role of the Chief Finance Officer in Local Govt (CIPFA 2015) • Counter Fraud, Corruption and Bribery Strategy and Response Plan • Disciplinary Procedures for Officers • Financial Regulations, Contract Standing Orders and Procurement Strategy • Internal and external audit • Job descriptions and recruitment process for officers

Dealing effectively with breaches of legal and regulatory provisions	<ul style="list-style-type: none"> • Member induction programme and development protocol
Dealing effectively with corruption and misuse of power	<ul style="list-style-type: none"> • Monitoring Officer appointed by BA • Provision of legal advice to Members and officers • Register of Member and officer interests and related party interests • Role descriptions for Members • Scheme of Powers delegated to Chief Executive and other authorised officers • Statutory Officers appointed by the Authority • Whistleblowing Policy for Members) • Whistleblowing Policy for Officers

Table 2

Principle B: Ensuring openness and comprehensive stakeholder engagement

Sub-principles	Our evidence to support this principle
<p>Ensuring openness</p> <p>Demonstrating, documenting and communicating the organisation’s commitment to openness</p> <p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness - if that is not the case, a justification for the reasoning for keeping a decision confidential is provided</p> <p>Providing clear reasoning and evidence for decisions, in both public records and explanations to stakeholders, being explicit about the criteria, rationale and considerations used. In due course, making sure the impact and outcomes of those decisions are clear</p> <p>Using formal and informal consultation and engagement to determine the most appropriate</p>	<ul style="list-style-type: none"> • Annual Governance Statement • BA Core Values • BA website (includes public information about Members and their roles, Officer roles, and how the public can input to and influence BA decisions) • Broads Engage stakeholder events and promotion • Broads Local Plan - formal consultation stages (set out in Statement of Community Involvement) • Chairs’ briefings • Committee meetings held in public and audio recordings of meetings available to public on request • Committee meetings (non-decision making) held remotely and live-streamed, and also available to watch via YouTube • Corporate Partnerships Register • Fair and transparent data processing through privacy notices • Financial Regulations and Standing Orders Relating to Contracts • Financial statements

<p>and effective interventions or courses of action</p>	<ul style="list-style-type: none"> • Information published in respect of expenditure over £250 • Member Allowances Scheme • Public consultation processes for strategic plan reviews (e.g. Broads Plan, guiding strategies) • Public question time at committee meetings • Publication of agendas and reports in line with Local Government Act 1972 requirements • Record of decisions in committee minutes • Use of Transparency Regulations 2015
<p>Comprehensive stakeholder engagement</p> <p>Engaging effectively with all stakeholders, making sure the purpose and aims for each stakeholder relationship are clear so outcomes are successful and sustainable</p> <p>Developing formal and informal partnerships to encourage more efficient use of resources and more effective outcomes</p> <p>Basing partnerships on trust, shared commitment to change, culture that promotes and accepts challenge among partners, and clear awareness of the added value of partnership working</p> <p>Establishing a clear policy on the type of issues the organisation will meaningfully consult on or involve communities, individuals, service users and other stakeholders to make sure the service (or other) provision is contributing towards intended outcomes</p> <p>Having effective communication methods and making sure members and officers are clear on their roles in community engagement</p>	<ul style="list-style-type: none"> - Annual Business Plan, Annual Report and visitor publications (e.g. Broadcaster), social media accounts - Appointment process to Navigation Committee and Broads Local Access Forum - Broads Briefing monthly newsletter from CEO - Broads Engage stakeholder events (e.g. workshops, Parish Forums), feedback processes and promotion - Broads Local Access Forum - Broads Local Plan - formal consultation stages (set out in Statement of Community Involvement) - Broads Plan 6-monthly progress update report (and continual progress monitoring on e-system) - Broadsheet (toll payer newsletter) - KPI annual reporting as part of NPA monitoring process to Defra - Learning resources on BA website, including Broads Curriculum materials for schools - Navigation Committee - Notices to Mariners - Public questions time at committee meetings - Regular meetings between Chairs and CEOs of BA and constituent local authorities - Regular officer level liaison with partner organisations - Visitor and user surveys

<p>Encouraging, collecting and evaluating the views and experiences of stakeholders of different backgrounds, including reference to future needs</p> <p>Implementing effective feedback mechanisms to show how stakeholder views have been considered</p> <p>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</p> <p>Taking account of the impact of decisions on future generations of tax payers and service users</p>	
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Table 3

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Sub-principles	Our evidence to support this principle
<p>Defining outcomes</p> <p>Having a clear vision statement of the organisation’s purpose and intended outcomes, with performance indicators, that provide the basis for its overall strategy, planning and other decisions</p> <p>Specifying the intended impact on/ changes for stakeholders in the short and longer term</p> <p>Delivering defined outcomes sustainably basis within available resources</p> <p>Identifying and managing risks to achieving outcomes</p> <p>Managing service user expectations with regard to setting priorities and</p>	<ul style="list-style-type: none"> • Annual Business Plan • BA guiding level strategies (e.g. Integrated Access, Sediment Management, Education, Biodiversity) • Broads Local Plan (spatial planning policy) • Broads Plan (key partnership strategy for the Broads, reviewed on 5-yearly cycle) • Corporate and Directorate Risk Registers • Corporate Partnerships Register • Norfolk & Suffolk Broads Act 1998 (BA statutory purposes)

making the best use of available resources	
<p>Considering social, economic and environmental benefits</p> <p>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision</p> <p>Taking a longer-term view in decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</p> <p>Determining the wider public interest associated with balancing conflicting interests in achieving the various economic, social and environmental benefits, through consultation where possible, to ensure appropriate trade-offs</p> <p>Ensuring fair access to services</p>	<ul style="list-style-type: none"> • Broads Local Plan • Broads Plan and guiding level strategies • Equalities Working Group • Norfolk & Suffolk Broads Act 1998 (BA statutory purposes) • Project Development Group procedures • External Funding Guidance • Public consultation for strategic plan reviews

Table 4

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub-principles	Our evidence to support this principle
<p>Determining interventions</p> <p>Making sure decision makers receive objective and rigorous analyses of various options showing how intended outcomes would be achieved and associated risks, to achieve best value.</p> <p>Considering stakeholder feedback when making decisions about service improvements, or where</p>	<ul style="list-style-type: none"> • BA and partner/stakeholder working groups • Budget setting process • Chairs' briefing sessions • Chairs' Group • Financial Regulations and Standing Orders Relating to Contracts • Member working groups

<p>services are no longer required, to prioritise competing demands and limited resources such as people, skills and land, and bearing in mind future impacts.</p>	<ul style="list-style-type: none"> • Project boards for large partnership projects (e.g. FiPL, Nature for Climate Peatland Scheme, FibreBroads and Water, Mills & Marshes) • Public consultation responses informing strategic plan and policy reviews (e.g. Broads Plan, Broads Local Plan)
<p>Planning interventions</p> <p>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p> <p>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</p> <p>Considering and monitoring risks facing each partner when working collaboratively, including shared risks</p> <p>Having flexible and agile arrangements so mechanisms for delivering goods and services can adapt to changing circumstances</p> <p>Establishing appropriate key performance indicators (KPIs) as part of the planning process to identify how the performance of services and projects is to be measured</p> <p>Ensuring capacity exists to generate the information required to review service quality regularly</p> <p>Preparing budgets in accordance with objectives, strategies and the medium-term financial plan</p> <p>Informing medium- and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure, aimed at developing a sustainable funding strategy</p>	<ul style="list-style-type: none"> • Annual budget processes approved by BA with consultation by Navigation Committee • Financial Monitoring • Financial Strategy • Key Performance Indicator (KPI) annual reporting as part of National Park Authority monitoring process to Defra • Performance reporting to Committees • Regular monitoring undertaken by budget holders and Management Team and reported to committee • Review cycles for Broads Plan, guiding strategies (e.g. Integrated Access Strategy, Biodiversity & Water Strategy) and Broads Local Plan • Risk management (see principle F) • Corporate Risk Register review by Audit & Risk Committee

<p>Optimising achievement of outcomes</p> <p>Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints</p> <p>Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</p> <p>Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues, or responses to changes in the external environment that may arise during the budgetary period, to achieve outcomes while optimising resource use</p> <p>Ensuring ‘social value’ through service planning and commissioning</p>	<ul style="list-style-type: none"> • Annual setting of tolls in consultation with Navigation Committee and through a member workshop • Asset Management Strategy • Budget and 3-year Financial Strategy agreed by BA • Budget reports, management procedures and training • Budgets monitored by Audit & Risk Committee and BA • Capital, Treasury and Investment Strategy • Procurement Strategy and reference guide • Standing Orders Relating to Contracts
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Table 5

Principle E: Developing the Authority’s capacity, including the capacity of its leadership and the individuals within it

Sub-principles	Our evidence to support this principle
<p>Developing capacity</p> <p>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</p> <p>Improving resource use through techniques such as benchmarking</p> <p>Recognising the benefits of partnerships and collaborative working where added value can be achieved</p>	<ul style="list-style-type: none"> • Annual presentation to BA on major partnerships • Health and Safety policies and procedures • ICT Corporate Group review of ICT performance • Management Team decision in recruitment processes • Member and officer induction and appraisal programmes • Corporate Risk Register review • Whistleblowing Policy for Members • Whistleblowing Policy for Officers

<p>Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</p>	
<p>Developing leadership capacity</p> <p>Developing protocols to ensure elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship, and that a shared understanding of roles and objectives is maintained</p> <p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p> <p>Ensuring the Chair and Chief Executive Officer have clearly defined and distinctive leadership roles within a structure whereby the CEO leads in implementing strategy and managing the delivery of services and other outputs set by members, and each provides a check and a balance for each other's authority</p> <p>Developing the capabilities of members and senior management to achieve effective leadership, and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks</p> <p>Having structures in place to encourage public participation</p> <p>Considering the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p> <p>Holding staff to account through regular performance reviews that</p>	<ul style="list-style-type: none"> • Director of Finance compliance with CIPFA Statement on the Role of the Chief Finance Officer in Local Government • Conditions of employment and HR policies • Contract management in respect of externally provided services • Data Protection Officer in place • Financial Regulations and Standing Orders • Member and officer appraisal programmes, Member Development Protocol • Member workshops on key issues • Monitoring Officer appointed by BA • Scheme of Powers delegated to Chief Executive and other authorised officers • Standing Orders for the Regulation of Authority Proceedings • Terms of Reference for Committees

<p>take account of training or development needs</p> <p>Maintaining the health and wellbeing of the workforce and helping individuals to maintain their own physical and mental wellbeing</p>	
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Table 6

Principle F: Managing risks and performance through robust internal controls and strong public finance management

Sub-principles	Our evidence to support this principle
<p>Managing risk</p> <p>Recognising risk management is integral to all activities and must be considered in all aspects of decision making</p> <p>Implementing robust and integrated risk management arrangements and making sure they work effectively</p> <p>Allocating clear responsibilities for managing individual risks</p>	<ul style="list-style-type: none"> • Business Continuity Plan • Corporate Risk Register (reviewed every 3 months and reported to every meeting of the Audit and Risk Committee) • Counter Fraud, Corruption and Bribery Strategy and Response Plan • Risk analysis in BA reports • Risk Management Policy
<p>Managing performance</p> <p>Effectively monitor service delivery including planning, specification, execution and independent post implementation review</p> <p>Making decisions based on relevant, clear objective analysis and advice, pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook</p> <p>Ensuring an effective scrutiny or oversight function is in place that provides constructive challenge and debate on policies and objectives before, during and after decisions are made. This will help enhance the performance of the organisation and any other organisation (or committee system) for which it is responsible</p> <p>Effectively and constructively challenging and policies and objectives to support balanced and effective decision making</p> <p>Providing members and senior management with regular reports on</p>	<ul style="list-style-type: none"> • Audit and Risk Committee • Capital, Treasury and Investment Policy • Chairs’ Group • Financial Monitoring • Financial Regulations and procedures • Management Team and Section Head reviews of Directorate work plans and budgets • Procurement Strategy • Regular finance reports to BA, Audit & Risk Committee and Navigation Committee • Risk and financial implications in reports to BA • Standing Orders Relating to Contracts • Statement of Accounts follows directorate headings • Terms of Reference for Committees

<p>service delivery plans and on progress towards outcome achievement</p> <p>Ensuring consistency between specification stages (such as budgets) and post implementation reporting (such as financial statements)</p>	
<p>Developing robust internal control</p> <p>Aligning the risk management strategy and policies on internal control with achieving objectives</p> <p>Regularly evaluating and monitoring risk management and internal control</p> <p>Having effective counter fraud and anti-corruption arrangements in place</p> <p>Making sure that additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p> <p>Having an audit committee or equivalent group/function, independent of the executive and accountable to the governing body</p>	<ul style="list-style-type: none"> • Annual Governance Statement and Action Plan • Annual Internal Audit plans include key controls and corporate governance • Annual Report and Opinion provided by Head of Internal Audit with ref to governance, risk management and internal control arrangements • Audit and Risk Committee • Best Companies Index employee survey • Capital, Treasury and Investment Strategy • Codes of Conduct for Employees (HR Policy 2), for Members, and for Planning Committee Members Standing Orders Relating to Contracts • Counter Fraud, Corruption and Bribery Strategy and Response Plan • Disciplinary Procedures for Officers • Effective internal audit function resourced and maintained • Financial Regulations, Contract Standing Orders and Procurement Strategy • Internal and external annual audit processes • Local Protocol on Member and Officer Relations • Procurement Strategy • Publication of reports and meeting minutes showing declarations of interest made • Risk Owners (e.g. reporting to Corporate Risk Register) • Scheme of Powers delegated to Chief Executive and other authorised officers • Standing Orders Relating to Contracts • Training for Members
<p>Managing data</p>	<ul style="list-style-type: none"> • Annual Governance Statement

<p>Having effective arrangements in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</p> <p>Having effective arrangements in place and operating when sharing data with other bodies</p> <p>Regularly reviewing and auditing the quality and accuracy of data used in decision making and performance monitoring</p>	<ul style="list-style-type: none"> • Data and Information Retention Policy • Data Asset Register, privacy notices and Protection policy • Data Protection Officer and deputy (qualified Data Practitioner), data protection training to Members and officers • Encryption of portable devices • IT security arrangements • Review of contracts to ensure data security provisions are incorporated • Statement of Accounts narrative report
<p>Having strong public financial management</p> <p>Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance</p> <p>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</p>	<ul style="list-style-type: none"> • 3-year Financial Strategy • Annual budget and budget management procedures • Annual Business Plan • Annual Statement of Accounts • Assessment against CIPFA Financial Management Code • Asset Management Strategy • Capital, Treasury and Investment Strategy Chief Finance Officer compliance with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government • Earmarked reserves for long-term replacement of assets • External Audit reports • Financial Regulations and procedures • Financial statements • Reports to BA include financial and risk considerations •

Table 7

Principle G: Implement good practice in transparency, reporting and audit to deliver effective accountability

Sub-principles	Our evidence to support this principle
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<p>Implementing good practice in transparency</p> <p>Writing and communicating reports for public and other stakeholders in fair, balanced and understandable style, appropriate to the intended audience and easy to access and interrogate</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny, while not being too onerous to provide or for users to understand</p>	<ul style="list-style-type: none"> • Annual Governance Statement and Action Plan • Information published in respect of expenditure over £250 • Monthly data published on BA website in line with Local Government Transparency Code • Record of delegated decisions • Scheme of Powers delegated to Chief Executive and other authorised officers • Compliance with the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations (2018)
<p>Implementing good practice in reporting</p> <p>Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</p> <p>Ensuring members and senior management own the results reported</p> <p>Ensuring robust arrangements for assessing the extent to which principles in this Framework have been applied, and publishing the results on this assessment, including action plan for improvement and evidence to demonstrate good governance (AGS)</p> <p>Apply Framework to jointly managed or shared service organisations as appropriate</p> <p>Ensure performance information that accompanies the financial statements on a consistent and timely basis and the statements allow for comparison with other, similar organisations</p>	<ul style="list-style-type: none"> • Annual Governance Statement and Action Plan • Broads Plan 6-monthly progress reports • S17 officer reporting requirements • Statements of Accounts narrative report • Strategic Direction reports (BA annual strategic priorities)
<p>Developing assurance and effective accountability</p>	<ul style="list-style-type: none"> • Annual Governance Statement and Action Plan

<p>Acting upon recommendations for corrective action made by external audit</p> <p>Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements, and acting upon recommendations</p> <p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p> <p>Gaining assurance on risks associated with delivering services through third parties and evidencing this in the AGS</p> <p>When working in partnership, make sure arrangements for accountability are clear and the need for wider public accountability is recognised and met.</p>	<ul style="list-style-type: none"> • Attendance of internal and external auditors at Audit and Risk Committee (ARC) • Audit actions formally logged, followed up and reported to ARC • Best Companies Index employee survey • Corporate and Directorate Risk Registers • Follow up of internal audit recommendations by Director of Finance and Senior Accountant and reported to every ARC • Head of Internal Audit compliance with CIPFA Statement on the Role of the Head of Internal Audit • Internal audit function delivered by contract and meets PSIAS requirements • Peer Review (2017) and Action Plan (reviewed 2019/20)
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Audit and Risk Committee

25 July 2023

Agenda item number 12

Terms of Reference for Audit and Risk Committee-revised

Report by Senior Governance Officer and Deputy Monitoring Officer

Summary

This report presents revised terms of reference for the Audit and Risk Committee, as part of the ongoing implementation of the recommendations from the external review into the formal complaint, together with a summary of progress for all the recommendations.

Recommendation

The Committee's views are sought on the revised terms of reference before they are presented to the Broads Authority meeting on 28 July for adoption. Members are also asked to note the progress in implementing the other recommendations.

1. Introduction

- 1.1. At its previous meeting, the Committee considered a [report](#) on the recommendations from the external review into the formal complaint and agreed a set of actions to implement the recommendations, together with a relevant timetable.
- 1.2. These recommendations included some improvements to the Authority's governance and processes and, as a result, some amendments would need to be made to this Committee's terms of reference.

2. Proposed changes

- 2.1. Recommendations 4, 7 and 9 are relevant and these relate to: removing Code of Conduct matters from the remit of the Audit and Risk Committee (ARC); giving ARC the explicit role of considering members' concerns regarding governance, and generally oversight of the Authority's governance arrangements. This would provide a more appropriate route for members to raise such concerns, rather than using the general complaints process or any other route.
- 2.2. The Director of Finance, Senior Governance Officer and Deputy Monitoring Officer have worked together to produce draft revised ToR and these can be found in appendix 1 (with tracked changes). A "clean" version can be found in appendix 2. The opportunity

was taken to review the terms of reference generally, such as checking they complied with current CIPFA guidance, as well as an overall refresh.

2.3. To assist members, below is a summary of the key proposed changes:

- Rename the committee Audit & Governance Committee, (to reflect its updated ToR on governance matters).
- Clarity on statement of purpose in 7.1 – to reflect it is a decision-making committee.
- Delete reference in former paragraph 7.2 to former Financial Scrutiny Audit Committee (ARC’s predecessor) as this has not been in existence for a number of years.
- Additional item (new 7.8).
- Removal of power relating to monitoring conformance with Code of Conduct etc (former paragraph 7.18), as this will fall under the proposed new Standards Committee and additional paragraphs (new 7.18 to 7.20) to take account of the additional powers referred to in 2.1 above.
- Clarity on the types of payments to be included (in paragraph 7.47), to mirror the agreed wording in the “Scheme of Powers delegated to the Chief Executive and other authorised officers” (paras 26 and 27).

2.4. These have been shared with the Vice-Chair of this Committee (acting Chair) who confirmed that he supports the changes and made one suggestion regarding the proposed name change. To represent the full scope of the committee’s responsibility, he suggested that the title be “Audit, Risk & Governance”. Members’ views are invited.

3. Progress on other recommendations

- 3.1. Members will be aware there is also a recommendation to adopt a Standards Committee, which would replace the current Hearings Committee, but with an extended remit. As well as conducting investigations into Code of Conduct complaints, the Committee would receive regular reports on conduct issues, have oversight of training etc. Officers will be working on this recommendation in the coming months.
- 3.2. Due to other commitments, the timetable for reviewing the Authority’s complaints process (recommendation 8) has been revised and this is now planned for the September Authority meeting.
- 3.3. A summary of progress for the remaining recommendations can be found in appendix 3.

4. Conclusion

- 4.1. Members are asked to consider the draft terms of reference and proposed name change for the Audit and Risk Committee and recommend them for adoption by the Broads Authority.

Author: Sara Utting / Estelle Culligan

Date of report: 30 June 2023

Appendix 1 – Proposed Terms of Reference for Audit & Governance Committee (tracked changes)

Appendix 2 – Proposed Terms of Reference for Audit & Governance Committee (no tracked changes)

Appendix 3 – Table of recommendations from external review into complaint

7. Audit and Risk-Governance Committee

Statement of purpose

7.1. The Audit and Risk-Governance Committee, ~~save for its powers in paras 5, 15, 19, 22 and 36 is a consultative non-decision making is a~~ committee appointed by the Broads Authority ~~and which shall have~~with the functions set out within the following paragraphs.

~~7.2. References to the Financial Scrutiny and Audit Committee (the predecessor committee) within existing documents, policies, procedures and standing orders of the Authority shall be interpreted as referring to the Audit and Risk Committee, unless the context clearly dictates otherwise.~~

~~7.3.~~7.2. The Audit and Risk-Governance Committee is a key component of the Authority's corporate governance framework. It provides an independent and high-level focus on the audit assurance and reporting arrangements that underpin good governance and financial standards.

~~7.4.~~7.3. The purpose of the Audit and Risk-Governance Committee is to provide independent assurance to the ~~Members of the Authority's~~ members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the ~~Broads~~ Authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

~~7.5. The Audit Committee is empowered to:~~

~~i. Appoint, compensate, and oversee all internal audit services~~

~~Pre-approve all auditing services performed~~ Note: The appointment of auditors has been delegated to the Director of Finance.

~~7.6.~~7.4. In discharging its responsibilities, the Audit and Risk-Governance Committee has unrestricted access to officers and relevant information ~~it considers is~~ necessary to discharge its duties.

Governance, risk and control

~~7.7.~~7.5. To review the Authority's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.

~~7.8.~~7.6. To review the Annual Governance Statement (AGS) prior to ~~full the~~ Authority's approval, and consider whether it properly reflects the risk environment and supporting assurances. This review will take, ~~taking~~ into account internal audit's opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

7.7. To consider and approve reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.

~~7.9-7.8.~~ To consider the Authority's arrangements to secure value for money and to review assurances and assessments on the effectiveness of these arrangements.

~~7.10-7.9.~~ To consider the Authority's ~~Strategic-Corporate~~ Risk Register to ensure that it adequately addresses the Authority's risks and priorities ~~of the authority~~.

~~7.11-7.10.~~ To monitor the effective development and operation of risk management in the Authority.

~~7.12-7.11.~~ To monitor progress in addressing risk-related issues reported to the committee and to seek assurance that risks are being managed appropriately and are using good practice.

~~7.13-7.12.~~ To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

~~7.14-7.13.~~ To review the assessment of fraud risks and potential harm to the Authority from fraud and corruption.

~~7.15-7.14.~~ To monitor and approve: the financial regulations, standing orders relating to contracts, procurement strategy and the counter-fraud, corruption and bribery strategy.

~~7.16-7.15.~~ To review the governance and assurance arrangements for significant partnerships or collaborations.

~~7.17-7.16.~~ To review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance.

~~7.17. To be the formal committee for dealing with members' concerns about governance issues at the Authority. To review and assess the policies, procedures, and practices established by the Broads Authority to monitor conformance with its code of conduct and ethical polices and provide oversight of the mechanisms established by management to establish and maintain ethical standards.~~

~~7.18. To consider and make recommendations about members' concerns regarding governance processes within the Authority. Such concerns to be raised in the first instance with the Monitoring Officer or Deputy Monitoring Officer.~~

~~7.18-7.19.~~ To have general oversight of the Authority's governance arrangements.

Internal audit

~~7.19-7.20.~~ To review and approve the internal audit charter.

~~7.20-7.21.~~ To review proposals made in relation to the appointment of external providers of internal audit services, and to make recommendations.

~~7.21-7.22.~~ To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance, and any work required to place reliance upon those other sources.

~~7.22-7.23.~~ To approve significant interim changes to the risk-based internal audit plan and resource requirements.

~~7.23-7.24.~~ To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

~~7.24-7.25.~~ To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.

~~7.25-7.26.~~ To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

- i. updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
- ii. regular reports on the results of the Quality Assurance and Improvement Programme (QAIP)
- iii. reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.

~~7.26-7.27.~~ To consider the head of internal audit's annual report:

- i. The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
- ii. The opinion on the overall adequacy and effectiveness of the authority's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

~~7.27-7.28.~~ To consider summaries of specific internal audit reports as requested.

~~7.28-7.29.~~ To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the Authority or there are concerns about progress with the implementation of agreed actions.

~~7.29-7.30.~~ To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

~~7.30-7.31.~~ To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations.

~~7.31-7.32.~~ To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External audit

~~7.32-7.33.~~ To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.

~~7.33-7.34.~~ To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

~~7.34-7.35.~~ To consider specific reports as agreed with the external auditor.

~~7.35-7.36.~~ To comment on the scope and depth of external audit work and to ensure it gives value for money.

~~7.36-7.37.~~ To commission work from internal and external audit.

~~7.37-7.38.~~ To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

~~7.38-7.39.~~ To obtain reasonable assurance that management has acted on the results and recommendations of external audit engagements.

Financial reporting

~~7.39-7.40.~~ To monitor and oversee the Authority's medium-term financial planning, including the annual business plan.

~~7.40-7.41.~~ To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the Authority's attention ~~of the authority~~.

~~7.41-7.42.~~ To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Treasury management

~~7.42-7.43.~~ To monitor and review the treasury management policy and procedures to be satisfied that controls are satisfactory. This includes receiving regular reports on activities, issues and trends to support the committee's understanding of treasury management activities.

~~7.43-7.44.~~ To review the Treasury and Investment Strategy prior to ~~Full the~~ Authority's approval.

Accountability arrangements

~~7.44.7.45.~~ To report to the Authority annually ~~those charged with governance~~ on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of ~~their~~-its governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

Miscellaneous

~~7.45.~~ To determine any ex-gratia, severance or honoraria payments ~~or honoraria~~ to staff that are not within the scope of powers delegated to the Chief Executive, up to a maximum of £50,000 per event.

~~7.46. To consider any matters referred to the Broads Authority or the Chief Executive that are appropriate to its Terms of Reference.~~

~~7.47. The Members of the~~ Audit and Risk-Governance Committee shall receive formal training on the purpose and mandate of the committee, and any areas deemed necessary to assist in the discharge of ~~its~~-the committee's duties.

7. Audit and Governance Committee

Statement of purpose

- 7.1. The Audit and Governance Committee is a committee appointed by the Broads Authority with the functions set out within the following paragraphs.
- 7.2. The Audit and Governance Committee is a key component of the Authority's corporate governance framework. It provides an independent and high-level focus on the audit assurance and reporting arrangements that underpin good governance and financial standards.
- 7.3. The purpose of the Audit and Governance Committee is to provide independent assurance to the Authority's members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Note: The appointment of auditors has been delegated to the Director of Finance.

- 7.4. In discharging its responsibilities, the Audit and Governance Committee has unrestricted access to officers and relevant information necessary to discharge its duties.

Governance, risk and control

- 7.5. To review the Authority's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 7.6. To review the Annual Governance Statement (AGS) prior to the Authority's approval, and consider whether it properly reflects the risk environment and supporting assurances. This review will take into account internal audit's opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 7.7. To consider and approve reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- 7.8. To consider the Authority's arrangements to secure value for money and to review assurances and assessments on the effectiveness of these arrangements.
- 7.9. To consider the Authority's Corporate Risk Register to ensure that it adequately addresses the Authority's risks and priorities.
- 7.10. To monitor the effective development and operation of risk management in the Authority.

- 7.11. To monitor progress in addressing risk-related issues reported to the committee and to seek assurance that risks are being managed appropriately and are using good practice.
- 7.12. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 7.13. To review the assessment of fraud risks and potential harm to the Authority from fraud and corruption.
- 7.14. To monitor and approve: the financial regulations, standing orders relating to contracts, procurement strategy and the counter-fraud, corruption and bribery strategy.
- 7.15. To review the governance and assurance arrangements for significant partnerships or collaborations.
- 7.16. To review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance.
- 7.17. To be the formal committee for dealing with members' concerns about governance issues at the Authority.
- 7.18. To consider and make recommendations about members' concerns regarding governance processes within the Authority. Such concerns to be raised in the first instance with the Monitoring Officer or Deputy Monitoring Officer.
- 7.19. To have general oversight of the Authority's governance arrangements.

Internal audit

- 7.20. To review and approve the internal audit charter.
- 7.21. To review proposals made in relation to the appointment of external providers of internal audit services, and to make recommendations.
- 7.22. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance, and any work required to place reliance upon those other sources.
- 7.23. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 7.24. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 7.25. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.

- 7.26. To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
- i. updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - ii. regular reports on the results of the Quality Assurance and Improvement Programme (QAIP)
 - iii. reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.
- 7.27. To consider the head of internal audit's annual report:
- i. The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
 - ii. The opinion on the overall adequacy and effectiveness of the authority's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
- 7.28. To consider summaries of specific internal audit reports as requested.
- 7.29. To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the Authority or there are concerns about progress with the implementation of agreed actions.
- 7.30. To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 7.31. To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations.
- 7.32. To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External audit

- 7.33. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- 7.34. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

- 7.35. To consider specific reports as agreed with the external auditor.
- 7.36. To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 7.37. To commission work from internal and external audit.
- 7.38. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- 7.39. To obtain reasonable assurance that management has acted on the results and recommendations of external audit engagements.

Financial reporting

- 7.40. To monitor and oversee the Authority's medium-term financial planning, including the annual business plan.
- 7.41. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the Authority's attention.
- 7.42. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Treasury management

- 7.43. To monitor and review the treasury management policy and procedures to be satisfied that controls are satisfactory. This includes receiving regular reports on activities, issues and trends to support the committee's understanding of treasury management activities.
- 7.44. To review the Treasury and Investment Strategy prior to the Authority's approval.

Accountability arrangements

- 7.45. To report to the Authority annually on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of its governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

Miscellaneous

- 7.46. To determine any ex-gratia, severance or honoraria payments to staff that are not within the scope of powers delegated to the Chief Executive, up to a maximum of £50,000 per event.
- 7.47. Members of the Audit and Governance Committee shall receive formal training on the purpose and mandate of the committee, and any areas deemed necessary to assist in the discharge of the committee's duties.

	Recommendation	Response	Action, person/committee responsible and timescale	Progress
1	The Authority's ongoing statutory duty to achieve Best Value (continuous improvement) provides a suitable approach to address the specific issues raised in relation to the planning function.	Continue to report to Planning Committee on performance statistics and feedback from satisfaction survey of applicants.	<ul style="list-style-type: none"> • Development Manager (DM) • Regular quarterly performance and stats reports to planning committee as required by DLUHC plus annual customer satisfaction report annually to May meeting. Next report due May 2023. • Agreed no need to change, but Senior Governance Officer (SGO) to ask DM if there are any minor improvements that could be made 	To do
2	We recommend that the existing "call-in" arrangements should be reviewed and that when the interpretation of delegated powers is challenged it should be a matter that the CEO and Chairman jointly take a role on, and if they cannot resolve the issue (or feel that it should be placed before members of the Authority), the matter is placed before members.	Agree. Adopt in revised arrangements	<ul style="list-style-type: none"> • MO/SGO/DM • Docs to be reviewed – Delegations for Planning Committee and Protocol for Planning Committee • SGO to draft initial wording, review with DMO/MO • Consult with DM and Chair, Cllr Harry Blathwayt or Vice-Chair Cllr Tim Jickells, if Cllr Blathwayt not re-elected in May. • Report changes to Planning Committee on 21 July (EC to attend) • Final report to BA meeting 28 July 	SoD and Planning CoP revised and shared with DoSS, HoP, SPO and Chair of Plg Cttee. Presented to Plg Cttee on 21/7 for review and on agenda for BA on 28/7 for adoption.
3	We consider that the effective consolidation of the key documentation will be of benefit.	Agree and adopt	<ul style="list-style-type: none"> • All documents including amended documents arising out of these recommendations to be brought together on the website in one location, under the heading of “Constitution” • Consider including other relevant documents, such as management structure, Protocol for MO. • Documents to contain hyperlinks to other relevant documents etc • Deadline – Autumn/end of year once all other work is complete • SGO to work with DMO and MO 	On schedule

	Recommendation	Response	Action, person/committee responsible and timescale	Progress
4	Code of Conduct matters should be separated from the Audit and Risk Committee. The Audit and Risk Committee should also take on the explicit role of considering members' concerns regarding governance and generally oversight of the Authority's governance arrangements.	Agree and adopt	<ul style="list-style-type: none"> • MO to work with SGO and the Audit and Risk Committee to review terms of reference for Audit and Risk Committee – also for recommendations 7 – 9. • SGO to draft initial changes to ToR and review with DMO/MO. • To discuss all changes with Vice-Chair of ARC, Cllr Tristram Hilborn (As Chair is on long term sick) • Aim to report to ARC on 25 July and BA on 28 July • Re Standards Committee, DMO to consider appropriate ToR and arrangements to ensure sufficient membership to allow three members to form a sub-committee. • To consider how the Standards Committee will interact with ARC • Consider independent member for committee. • SGO to consider arrangements from other national parks. • Aim to bring to BA meeting 22 Sept 	<p>Revised ToR for ARC drafted and shared with VC of ARC. Presented to ARC on 25/7 for review and on agenda for BA on 29/7 for adoption.</p> <p>Standards Cttee – on schedule.</p>
5	The Monitoring Officer should consider issuing additional guidance / training regarding members interests and how the policing of behaviour and Code of Conduct matters is best addressed	Agree and adopt	<ul style="list-style-type: none"> • MO to work with CEX and Chairman and/or new Chair of Standards Committee to review training and provide refresher training and other training about interests / declarations / code of conduct etc. • Possible programme of regular training to be provided by MO, DMO and SGO. • MO to consider with SGO practical 1-hour session on interests etc for lunchtime on 28 July • Other training – e.g. induction for newly appointed members etc – to be considered 	On schedule

	Recommendation	Response	Action, person/committee responsible and timescale	Progress
			<ul style="list-style-type: none"> Regular reports to be provided to the new Standards Committee on conduct issues. New committee to have oversight of training Deadline – ongoing 	
6	<p>Local Authority appointees should be appointed through a similar merit-based process to that used by the Government for Secretary of State appointments.</p> <p>This reflects our view that there should be parity of treatment for all members, whether LA appointees or SoS appointees. The issue of an independent chair is also worthy of reflection provided s/he has a regional rather than national focus.</p>	Agree and refer to Defra for consideration in the context of the Landscape Review.	<ul style="list-style-type: none"> This was one of four main themes to emerge from the workshop held on 24 February 2022 to consider the Authority's response to the public consultation on the Government's response to the Landscape Review, and on which the Chairman wrote to Lord Benyon on 7 April 2022. Deadline is subject to Defra's considerations and action 	Awaiting response from Defra.
7	Audit and Governance Committee, with their oversight of governance, should reflect upon issues regarding relationships and the underlying governance mechanisms behind those.	Agree	<ul style="list-style-type: none"> Actions as for No. 4 above MO to work with SGO and this Committee to review terms of reference for Audit and Risk Committee. The Authority to agree changes to terms of reference To report to ARC 25 July and to BA 28 July. 	See item 4 above.
8	The Authority should review and change their complaints process removing the automatic obligation on the Monitoring Officer to investigate where there is a concern about unlawful behaviour or activity.	Agree and adopt change to Complaints Process	<ul style="list-style-type: none"> CEX to work with MO and SGO to draft an amended process To be considered in line with changes to ARC ToR To be reported to BA meeting 28 July 	Revised timetable - September BA meeting
9	Members can raise governance concerns with Audit & Governance Committee and so should be able not to raise such concerns through the complaints process or any other route. Indeed, the ability for members to raise any issue when acting in their capacity as a member of the Authority through the Authority's complaints is something to review.	Agree	<ul style="list-style-type: none"> Actions as for No 4 above MO to work with SGO to review terms of reference for Audit and Risk Committee and revised arrangements. To be reported to ARC 25 July and BA 28 July 	See 4 above.

Audit and Risk Committee

25 July 2023

Agenda item number 13

Implementation of internal audit recommendations- summary of progress

Report by Senior Accountant

Summary

This report gives a summary of progress in implementing Internal Audit recommendations arising out of audits carried out during 2020/21, 2021/22 and 2022/23.

Recommendation

To note the report.

Contents

1. Introduction	1
2. Summary of Progress	2
3. Internal Audit Programme 2022/23 and 2023/24	2
4. Corporate Governance & Risk Management	2
Appendix 1 – Summary of actions and responses to Internal Audit 2020/21	3
Appendix 2 – Summary of actions and responses to Internal Audit 2021/22	8
Appendix 3 – Summary of actions and responses to Internal Audit 2022/23	9

1. Introduction

- 1.1. This report gives an update on implementing the Authority's Internal Audit report recommendations, focusing on outstanding recommendations and timescales to complete outstanding work.
- 1.2. Appendices 1, 2 and 3 give details of the audits carried out in 2020/21, 2021/22 and 2022/23, in particular:
 - Recommendations not yet implemented;
 - Recommendations implemented since the last meeting; and

- New recommendations since the last meeting.

2. Summary of Progress

- 2.1. Since the report to this committee in March, two of the recommendations from the Port Marine Safety Code in 2020/21, and all outstanding for the HR and Payroll, Partnership Working and Key Controls have been completed. The impact of workloads has meant that some of the other actions have been further delayed. These have been updated in the appendix. The rest remain as scheduled.

3. Internal Audit Programme 2022/23 and 2023/24

- 3.1. Since this report to the Committee in March the final audit on Corporate Governance & Risk Management has now been completed. The first two audits from the 2023/24 plan, Port Marine Safety Code and Procurement audit will be starting in August and September 2023. The results of these will be reported to this committee in November 2023.

4. Corporate Governance & Risk Management

- 4.1. The objective of this audit was the annual review of governance and risk management which is carried out to support the Head of Internal Audit opinion. The audit provides assurance that the systems in place to control and manage the Broads Authority are operating effectively and that significant risks are being identified and managed. The audit considered governance arrangements for decision making and the accountability and monitoring of performance. This resulted in a “reasonable” audit opinion with four “needs attention” recommendations being raised (see Appendix 3). One of these recommendations has already been implemented.
- 4.2. Good practice was noted relating to sound controls that are in place and operating consistently. Those relating to Governance arrangements for decision making were:
- The Member Code of Conduct uses the most up to date Local Government Association (LGA) version published. The Member Code of Conduct is well laid out, clear and concise.
 - The Risk Management policy has been updated and approved by the Authority within the last 12 months.

Author: Ellie Richards

Date of report: 25 July 2023

[Broads Plan](#) strategic objectives: All

Appendix 1 – Summary of actions and responses to Internal Audit 2020/21

Appendix 2 – Summary of actions and responses to Internal Audit 2021/22

Appendix 3 – Summary of actions and responses to Internal Audit 2022/23

Appendix 1 – Summary of actions and responses to Internal Audit 2020/21

Table 1

Governance and Risk Management – March 2021

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p>2. Changes to committee meetings In relation to the document management system (DMS), the following is undertaken: - Notes are added to deferred items to explain which committee date the item has been deferred to; and - To review if there is a way to match up/link the items on the forward plan to the generated items area. This mitigates the risk of not having a completed audit trail in place resulting in key items of business/decisions being missed if deferred matters are not assigned to the next convenient meeting.</p>	Needs Attention	Senior Governance Officer	<p>Agreed. Notes added to deferred items.</p> <p>Update: Governance team liaising with IT on whether more metadata can be added to improve the link between items in the Forward plan and in the confirmed (generated report) area - progress on hold as reliant on IT resource availability, which is currently focussed on more urgent work.</p> <p>Update: Due to IT resource availability, this recommendation has been delayed to 31/12/2023.</p>	<p>By 31/12/2021 Updated to 31/12/2022 Updated to 31/12/2023</p>

Table 2

Port Marine Safety Code – June 2021

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p>1. Governance The PMSC Performance Indicators (PIs) published within the authority's PMSC and those published on the authority's website be reviewed to ensure they are consistent with each other and reflect all areas of the PMSC. The website should also be updated to reflect the latest annual PI outturns. This helps reduce the risk that performance of the PMSC is not reported in a consistent and timely manner leading to ambiguity over whether the PMSC is performing well and meeting targets as planned.</p>	Important	Head of Safety Management	<p>Agreed.</p> <p>Update: Please note that this recommendation was previously marked as complete in July 2021, but a further review of documents highlighted it was out of date. The PI's on the website are dated 2017/2018 – The PI's reflect the Broads Plan and needs to be incorporated into the new version of the SMS. This action is a work in progress, a meeting has been arranged on 21/06/22 with Director of Operations, Head of Operations & Head of Navigation to discuss the action plan in drafting new SMS version to reflect recent changes to our SMS.</p> <p>Update: The Broads Plan (2022- 2027) has changed and the PI's By 31/10/2021 Updated to 31/01/202 Updated to 31/05/2023 Audit and Risk Committee, 14 March 2023, agenda item number 12 5 Recommendations Priority rating Responsible Officer(s) BA response/action Timetable need to change to meet the new numbers with the Broads Plan.</p>	<p>By 31/10/2021 Updated to 31/01/2023 Updated to 31/05/2023</p>

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			Complete.	
<p>3. Pilotage Finalise the arrangements for General Directions for larger vessels. This helps mitigate the risk that sufficient navigation rules are not in place and navigation of the broads is not managed as effectively and safely as required, in relation to larger vessels</p>	Important	Head of Ranger Services	<p>General Directions are rarely used by Broads Authority - most directions are 'Special'. This requirement will require legal inputs and cost benefit analysis to assess its viability. Current requirements are met using Special Directions.</p> <p>Update: Due to the lack of large vessels navigating our waters the need for a General Direction has not arisen for a number of years and if it did we could deal with it under Special Directions. This item has been deferred to allow for a review of what is appropriate which will need specialist maritime legal advice.</p> <p>Update: The factors driving this work have changed since the paper went to committee in By 31/10/2021 Updated to 28/02/2023 Updated to 31/12/2023 Audit and Risk Committee, 14 March 2023, agenda item number 12 6 Recommendations Priority rating Responsible Officer(s) BA response/action Timetable 2019, with COVID-19 and the long term closures of bridges on the lower Yare both affecting this. Control measures remain in place to control the risk through Special Directions</p>	<p>By 31/10/2021 Updated to 28/02/2023 Updated to 31/12/2023</p>

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			which can be given ahead of each vessel movement. With very limited vessel movement over the last few years the requirement to put in place a General Direction to cover all larger vessel movements is now less of a priority against other projects. The Pilotage Policy is currently being reviewed as part of the wider Safety Management System review.	
<p>7. Governance All relevant employees to be required to read and sign a copy of the PMSC on an annual basis. This assists in reducing the risk that employees are not familiar with the PMSC, leading to non-compliance with it.</p>	Needs Attention	Head of Safety Management	<p>Refresher training to be given at team meetings and attendance and signatures to be obtained.</p> <p>Update: Health & Safety Inductions for new starters now includes a PowerPoint presentation on PMSC/SMS this is By 31/10/2021 Updated to 31/12/2022 Updated to 31/05/2023 Audit and Risk Committee, 14 March 2023, agenda item number 12 7 Recommendations Priority rating Responsible Officer(s) BA response/action Timetable also presented to new authority members. PMSC is a standard agenda item for the Safety Committee. Due to Covid-19 and safeguarding Operational we have had only one f2f full team meeting and other priority training was delivered at this time. The PMSC training will be delivered at the next Operational Technicians meeting in December 2022.</p>	<p>By 31/10/2021 Updated to 31/12/2022 Updated to 31/05/2023</p>

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			<p>Comment section updated and deadline extended to 31 December 2022.</p> <p>Update: With the new season starting, PMSC training shall be provided to all Rangers & CM&E staff and will sign to say that they have received the training. PMSC training will be provided if any changes are made prior to the annual training.</p> <p>Complete.</p>	

Appendix 2 – Summary of actions and responses to Internal Audit 2021/22

Table 3

HR and Payroll – December 2021

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p>1. Staff Absences Staff resilience plans be reviewed to ensure that they are being used consistently across the organisation and that the activities are sufficient and effective when they have been used in practice. This reduces the risk of inconsistent or ineffective resilience plans increase the risk of service failure in the event of staff absence.</p>	Important	Directors	<p>Agreed.</p> <p>Update: This has not been completed for all Directorates due to other priorities and staff shortages.</p> <p>Complete.</p>	<p>By 31/03/2022 Updated to 31/03/2023</p>
<p>4. Policies and procedures All HR policies be reviewed and updated to ensure that they are reflective of current arrangements and working practices. If policies are out of date, there is a risk of staff being given incorrect information or following outdated practices.</p>	Needs Attention	Head of HR	<p>Agreed. Initial review by 30/06/2022 and complete review by 31/12/2022.</p> <p>Update: A number of policies have been updated, however, two policies have queries that are waiting to be resolved.</p> <p>Complete.</p>	<p>By 31/12/2022 Updated to 31/07/2023</p>

Appendix 3 – Summary of actions and responses to Internal Audit 2022/23

Table 4

Corporate Health and Safety – July 2022

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p>1. Health & Safety at Work policy The Health and Safety at Work Policy be reviewed and updated if necessary, in line with the defined cyclical timescales. This will mitigate the risk of Health and safety issues arising due to outdated policy.</p>	Needs Attention	Head of Safety Management	<p>Agreed. Whilst reading documentation for the H&S audit we recognised that our current policy required updating. This review has started and we have carried out the initial scoping to understand what the new H&S policy needs to achieve. The task has been identified as a priority IPR objective in 2022/23 performance year.</p> <p>Update: Currently being reviewed with the aim that the policy will be implemented on 1st April 2023.</p> <p>Update: The review date has been updated to December 2023.</p>	<p>By 01/04/2023 Updated to 31/12/2023</p>

Table 5

Partnership Working – November 2022

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p>1. Partnership Protocol The Partnership Protocol be updated following the publication of the latest Broads Plan, and its relevance be promoted to all staff who may engage in partnership working on behalf of the Authority. Steps should be taken to ensure that all relevant staff are made aware of the Protocol and its importance. The Protocol should include a reference to the role that the Authority's Financial Regulations has in the Probity Arrangements of any Partnership. The Partnership Protocol and Checklist should be updated at regular and agreed intervals, no longer than five years. This will mitigate the risk that partnerships may be entered into by staff on behalf of the Authority without being formally recoded and monitored.</p>	Important	Senior Governance Officer	<p>Agreed</p> <p>Update: The amended documents are in draft and will be reviewed by Management team.</p> <p>Complete.</p>	<p>By 08/02/2023 Updated to 31/03/2023</p>

Table 6

Key Controls – February 2023

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p>1. Control Accounts Evidence to be retained that all monthly control account/t reconciliations have been subject to independent review, including the date of that review. Risk: Management may not be aware of issues with the reconciliation process; either delays or imbalances</p>	Needs Attention	Senior Accountant	<p>Agreed in principle with the Director of Finance and the Senior Accountant at the debrief meeting on 21 December 2022.</p> <p>Complete.</p>	<p>By 31/05/2023</p>

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
between key financial accounts may therefore remain undetected				
2. Accounts Payable Where possible, to implement checks on VAT and Company Registration Numbers as part of the new supplier checks. Risk: Fraud and not identifying dissolved companies	Needs Attention	Senior Accountant	Agreed in principle with the Director of Finance and the Senior Accountant at the debrief meeting on 21 December 2022. Complete.	By 31/05/2023

Table 7

Corporate Governance & Risk Management – May 2023

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
1. Governance Framework The ToRs of the Authority and Committees be updated following consideration of the report by VWV.	Needs Attention	Monitoring Officer/Senior Governance Officer	At its meeting on 14/3/23 the Audit & Risk Committee agreed a set of actions to implement the recommendations of the VWV report and a relevant timetable. This included reviewing the ToR for committees.	By 22/09/2023
2. Governance Framework Following the publication of the VWV report; include the Hearings Committee (or similar committee) in the published Committee Structure, given its roles and responsibilities, albeit an ad-hoc committee.	Needs Attention	Monitoring Officer/Senior Governance Officer	At its meeting on 14/3/23 the Audit & Risk Committee agreed a set of actions to implement the recommendations of the VWV report and a relevant timetable. This included reviewing the ToR for committees and the establishment of a Standards Committee to replace the Hearings Committee.	By 22/09/2023
3. Governance Framework Ensure Members use the new template form, making it a requirement that all Members complete their	Needs Attention	Senior Governance Officer	New members are automatically sent a copy of the new form and this requires a response to every question (ie none or n/a).	By 01/04/2023

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
Declarations of Interest forms including entering "None" to the questions where applicable.			<p>The example referred to was as a result of a member notifying the Authority of an amendment to their interests, by emailing an amended copy of the form they had submitted previously. If this happens again, officers will import the information onto the new template and check to ensure there are no blank responses.</p> <p>Complete.</p>	
<p>4. Risk Management Framework During the service plan refresh exercise, the Authority to identify, link, record and manage risks that threaten the achievement of operational objectives.</p>	Needs Attention	Senior Governance Officer	In preparation for the next business plan, risks will be identified for each of the Directorate work plans and cross referenced to the Directorate risk registers.	By 31/03/2024

Audit and Risk Committee

25 July 2023

Agenda item number 14

Corporate Risk Register

Report by Senior Governance Officer

Summary

The Broads Authority's Risk Register is presented for the Committee's information.

Recommendation

To note the updated Corporate Risk Register (appendix 1).

1. Introduction

- 1.1. The Audit and Risk Committee's responsibilities for risk are set out in its [Terms of Reference](#)
- 1.2. The Corporate Risk Register (CRR) sets out the "across the board" risks that could threaten the Authority's core business and the way it operates. Below this are Directorate Risk Registers (DRR) which are managed by each Director and identify risk that could threaten day to day operational activities. Where a new risk identified within a directorate has a revised risk score above 16 (high risk) it is automatically referred to the CRR for monitoring by Management Team and this committee. If new mitigation measures are implemented which reduce the risk's score to below 16 (moderate to low risk), the risk is removed from the CRR but retained on the DRR.
- 1.3. As requested at the meeting on 21 September 2021, the Corporate Risk Register is presented at every Audit and Risk Committee meeting.
- 1.4. The Management Team has overall responsibility for the risk registers and policy, and risk owners are responsible for reviewing and updating their individual risk. Every risk is reviewed regularly or when there is a significant change in circumstances.

2. Review of risk registers

- 2.1. The CRR was reviewed by Management Team in June 2023, following a review of the DRRs, and the updated register is at Appendix 1.
- 2.2. Changes to the register are made using tracked changes. There have been no new risks added to, or any risks deleted from, the register, or any changes to the risk scores.

3. Risk Management Policy

- 3.1. The Authority also has a [Risk Management Policy](#), which sets out the rules and standards for managing strategic and operational risk and guides staff in assessing, monitoring and managing risk. This policy was last reviewed in February 2022 and adopted at the March full Authority meeting.

Author: Sara Utting

Date of report: 28 June 2023

Appendix 1 – Corporate Risk Register (June 2023)

Broads Authority Corporate Risk Register (Updated ~~March~~June 2023)

Risk no. & SP*	Primary impact areas People, assets, finance, performance, reputation	Risk name Risk that may affect the BA	Risk description Impact on delivery of BA objectives, service delivery, reputation	Date first entered on risk register	Initial likelihood Score 1-5	Initial severity Score 1-5	Initial risk score Likelihood x severity	Tasks to mitigate risk Controls/safeguards/precautions to date, noting any other factors that may influence the risk	Revised likelihood Score 1-5	Revised severity Score 1-5	Revised risk score Likelihood x severity	Additional actions required What we plan to do within the next 12 months	Risk owner ultimately responsible for risk
1 SP-All	People, performance	Loss of key staff	Loss of working knowledge, expertise and/or close partnership associations due to key staff leaving Authority or being unavailable for long periods.	19/8/2019	4	4	16	<p>Resilience plan in place for handover period when key staff leave Authority or are unavailable for significant periods.</p> <p>HR policies and procedures in place to monitor absence and to support staff retention.</p> <p>Electronic data storage under review to allow access to any officer's files.</p> <p>Business Continuity Plan in place with systems back up. Plan reviewed annually (or following significant incident).</p> <p>Remote server enables office-based staff to work from home if required (e.g. period of quarantine).</p>	3	3	9	<p>Implement MS Teams to share data across Authority more effectively.</p> <p>Monitor the implementation of hybrid working which was introduced to increase flexible working options.</p> <p>Annual review of Directorate resilience plans.</p> <p>Business Continuity Plan is reviewed annually.</p>	Chief Executive
2 SP-All	Reputation	Harmful actions undermining public confidence in Broads Authority	Reputational damage caused by comments or actions by Authority members or officers, with consequent harm to relationships with stakeholders and/or undermining of public confidence in Authority.	19/8/2019	4	4	16	<p>Code of Conduct for Members in place containing Nolan Principles of Conduct, and training given to all Members.</p> <p>Code of Practice for Members of the Planning Committee and officers (Sept 21) Code of Conduct for Officers included with HR policies.</p> <p>Director and Senior Governance Officer trained in Data Protection and GDPR; staff have specific data protection training, refreshed annually.</p> <p>Protocol on Member and Officer Relations in place (updated 2021).</p> <p>Scheme of Powers Delegated to CEO and other authorised officers (updated July 2022)</p> <p>Proactive communication policies relating to local and social media in place.</p>	3	4	12	<p>Implement the recommendations from the VWV report adopted by Members in January 2023.</p>	Chief Executive

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								Monitoring Officer and Deputy Monitoring Officer in place (service agreement with Wilkin Chapman LLP), with specialisms in Local Authority governance and Code of Conduct issues. In January 2023, Members received findings and recommendations of an independent investigation into a formal complaint about a planning matter.					
3 <u>SP3All</u>	Assets	Loss of key physical assets	Damage to, loss of or malfunction to key assets, impacting on BA operations/ duties and public access or services (e.g. navigation, moorings, Mutford Lock, rail bridges, Port of Norwich).	19/8/2019	3	4	12	Asset Management Strategy in place. Integrated Access Strategy and Moorings Strategy in place (updated 2019). Rail bridges: Legal undertaking in place with Network Rail regarding bridge maintenance and operations. BA in Working Group with Norfolk County Council, New Anglia and Network Rail. Insurance in place for equipment and buildings over £250 - cover includes business interruption for Yare House and Dockyard. Landowner negotiations processes in place. Programmed inspection regime in place and regular maintenance carried out.	3	2	6	Regular review of contributions to reserves to ensure they remain appropriate for future purchases and repairs. Review of delegated powers to ensure limits remain appropriate and potential acquisitions can be acted upon swiftly. Refresh of integrated access strategy scheduled for 2023/24. Property consultants to review repair and maintenance liability every 10 years, next scheduled for 2026/27.	Director of Operations
4 SP-All	Finance	Reduction in income and	Uncertainty about National Park and/or Navigation funding, as	19/8/2019	3	5	15	Regular contact with Government (DEFRA) regarding Comprehensive Spending Review.	2	3	6	Model expenditure options	Director of Finance

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		increase in costs	any reduction would affect our ability to deliver our duties, e.g. <ul style="list-style-type: none"> Awaiting NPG funding confirmation from Defra Loss of toll income due to changes to/ impacts on local tourism industry) <p>Loss of money as a result of fraud incident against the BA, including cybercrime</p>					<p>Consideration of external funding opportunities to plug any gaps.</p> <p>Regular input to Government consultations.</p> <p>Prudent budgeting for Navigation and National Park expenditure. Reserves in place to mitigate against sudden drop in income.</p> <p>Significant blocks of work delivered through external funds won by Authority.</p> <p>Annual Training in cybercrime given to all staff.</p> <p>Review of minimum reserves undertaken and reviewed by MT prior to 2023/24 budget setting.</p> <p>Energy insights used in budget setting process to determine impact of potential changes in the price cap.</p> <p>Change of splits between National Park and Navigation recommended as part of 2023/24 toll and budget setting.</p>				<p>depending on proposed grant settlement and toll increases (Sept 2023).</p> <p>Explore options on income generation prior to 2024/25 budget setting.</p> <p>Toll/Budget workshop to be held with members October 2023.</p> <p>Training for all staff to be delivered via ELMs on Counter fraud, bribery and corruption during 2023/24.</p>	
5 SP-All	People, performance	Large-scale public health crisis	Significant public health crisis (e.g. pandemic), where Government imposed measures affect the continuity of the BA's operational services and prevent visitors accessing the Broads for prolonged periods. (also see risk no.4)	02/07/2020	5	5	25	<p>Strict adherence to Government guidance and mitigation measures in place for staff, volunteers and members.</p> <p>Yare House, TICs and remote offices and facilities risk assessed and WFH measures in place for staff (where role allows). Key services (Safety Management) maintained within executive area.</p> <p>Clear and concise internal and external communications in place.</p> <p>Business continuity/disaster recovery plan and incident reporting system in place and reviewed regularly. Incident response team meet as required to determine appropriate actions, services and measures to respond to crisis.</p>	2	4	8	Regular monitoring through the Public Sector Leaders Board	Chief Executive

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								Broads Authority convened to establish emergency powers and delegated powers needed to run the Authority. Communication links in place with relevant Government departments to assess measures, clarify advice and safeguard funding. Key services, budgets and reserves reviewed to safeguard delivery of Broads Plan priorities and externally funded projects.					
6 SP1-3 & 42-7	Performance	Failure to meet statutory purposes or requirements of other relevant legislation	Underperformance in achieving, or conflict between, our statutory purposes resulting in legal issues or adverse impacts on the Broads and stakeholders (e.g. contravening Habitats Directive, loss of navigation access).	19/8/2019	3	5	15	Provision of external legal services and Monitoring Officer (MO) in place. Constitutional documents in place and regularly reviewed. Strategic plans (incl. Broads Plan) and Broads Local Plan subject to review and to Sustainability Appraisal/SEA and Habitats Regulations Assessment. Detailed environmental practices in place, including Environmental Standard Operating Procedures. Collaborative working in place with key stakeholders to understand and address issues and risks. Officer level project boards in place with Wildlife Trusts, Natural England and Environment Agency to monitor progress and ensure compliance with statutory regulations. Scientific research and monitoring ongoing to assess impacts, and mitigation measures developed if potential harm identified.	2	2	4	Monitor external legal and MO services on a quarterly basis. Continue review of Broads Local Plan.	Chief Executive
7 SP3SP A11?	People	Safety-related incidents (operational works) resulting in	Death or serious injury to officer, volunteer or member of public in relation to the carrying out of operational works.	19/8/2019	5	5	25	Health and safety policies in place and reviewed regularly by H&S Committee and risk owners. H&S Committee monitors and reviews incident reports; risk assessments reviewed and updated regularly.	2	5	10	Monitor changes in H&S legislation. Monitor industry best practice and implement	Director of Operations

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		death or serious injury						<p>All staff and volunteers trained in key H&S issues; regular tool box talks given before carrying out tasks.</p> <p>Safety observations ONS system in place to catch near misses and learn from incidents. All accidents investigated; regular audits used to check control measures.</p> <p>Insurance in place for legal expenses.</p> <p>Quarterly reports on H&S monitoring assessed by Management Team.</p> <p>Safety system externally audited to ensure fit for purpose and compliance.</p>				<p>changes where required.</p> <p>Review Codes of Practice to maintain operational suitability and safety (end 2022).</p> <p>Carry out internal review of key H&S legislation to ensure Authority processes are appropriate (end 2022).</p> <p>Internal Audit on Health and Safety scheduled for 2022.</p>	
8 SP3SP AII?	Reputation	Safety-related incidents (boating) resulting in death or serious injury	Failure to exercise powers as a navigation authority and licencing authority, resulting in death and injury to boat hirers due to poor performance by hire boat operators.	18/06/2021	5	5	25	<p>Safety videos provided to boat hirers in advance of holiday.</p> <p>Ranger services in place (additional Rangers recruited in 2021) providing advice to waterways users.</p> <p>Survey of HBO handover procedures carried out to assess efficacy.</p> <p>Broadcaster, pre-visit training videos and other safety information provided to boat hirers.</p> <p>Hire Boat licencing and audit of licensees in place.</p> <p>Boat Safety Scheme and inspections in place.</p> <p>Compulsory 3rd party insurance in place for boats.</p> <p>Implement the new Hire Boat Code</p>	3	5	15	<p>Review and response to findings of MAIB investigation into incident at Great Yarmouth completed.</p>	Director of Operations
9 SP4&6 5-7	Reputation, performance	Disruption to key project partnerships	Failure to deliver Defra and other funded schemes and partnership	19/8/2019	4	4	16	<p>Contractual arrangements in place for key partnerships (see Partnerships Register).</p>	3	4	12	<p>Partnerships Register reviewed</p>	Chief Executive

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	People, assets, finance, performance, reputation	Risk that may affect the BA	Impact on delivery of BA objectives, service delivery, reputation		Score 1-5	Score 1-5	Likelihood x severity	Controls/safeguards/precautions to date, noting any other factors that may influence the risk	Score 1-5	Score 1-5	Likelihood x severity	What we plan to do within the next 12 months	ultimately responsible for risk
			projects on time, with available resources and within budget, leading to potential financial issues, legal issues, lack of service delivery or adverse publicity.					Projects risk registers maintained for CANAPE and Water, Mills & Marshes and Nature for Climate Peatland Grant Scheme (NPCGS) projects. Regular project progress reported to Broads Authority. Proactive role maintained within formal and informal partnerships at officer and member level. Regular meetings held with funders to discuss progress and highlight issues in timing or delivery.				regularly (Nov 2022). Implement medium term funding model for UK National Park Comms Team from 1 April 2022.	
10 SP-All	Performance	Breach in data security or data protection, or loss of data.	Failure by staff to follow IT and/or GDPR processes or protocols, resulting in in-built security being bypassed and allowing data loss or data breach.	19/8/2019	4	4	16	Data/IT systems secured through firewalls, anti-virus software, password and security policies, online training for staff and HR policy. Bi-annual internal audit of IT systems and processes carried out. Certified GDPR Data Protection Officer(s) and GDPR Compliance Plan in place, and data protection training given to all staff. ICT security protocols reviewed in light of staff working from home to ensure compliance.	2	4	8	Monitor and review case law and keep up to date with GDPR & data protection information/best practice. Provide refresher GDPR & Data Protection online training via ELMS to all staff.	Director of Operations

Prepared by: Management Team, Senior Governance Officer

Date updated: ~~March~~ June 2023

Next update due: ~~July~~ Nov 2023

*Key to strategic priorities for 2023/24:

1. Climate Change crisis response
2. Bio-diversity crisis response
3. Navigation IT
4. Water Mills and Marshes
5. Local Plan for the Broads
6. Farming in Protected Landscapes (FiPL)
7. Budget pressures

Risk score matrix

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
			1	2	3	4	5
Severity						